

2010
SOCIAL AND COOPERATIVE
RESPONSIBILITY REPORT

WE BELIEVE

**THAT COOPERATIVE ENTERPRISES
BUILD A BETTER WORLD**



Desjardins

Cooperating in building the future



Martin Simard, *Sustainable Prosperity*, 2010, mixed technique, Desjardins Art Collection

SUSTAINABLE PROSPERITY

In his work entitled *Sustainable Prosperity*, Québec artist Martin Simard presents a visual metaphor of great sensitivity, poetry and musicality. Central to the piece is a majestic oak, a symbol of the time and patience needed to achieve a dream. Its abundant foliage, caressed by the breeze, represents the passion and ardour invested in our hopes, ambitions and ideals. Its roots, reaching far into the earth like an invisible yet profound source of strength and stability, symbolize the solid foundations that enable dreams to persist and endure.

In the four corners of this allegorical image are the letters E, S, C and P: **E** for engagement, **S** for solidarity and **C** for cooperation, the three pillars underpinning sustainable **P**rosperity. The four stencil-like letters are superimposed on musical scores, denoting the orchestration needed for successful action.

The centre section of the painting is composed of keywords referencing the notions of creation, expectation, cooperation, modernity, daring, trust, movement, growth, future, and prosperity. Each word has been associated with a tree species, integrated into the work as drawings accompanied by calligraphic text.

Sustainable Prosperity pays tribute to that visionary leader, Alphonse Desjardins, and the 110 years of cooperation he inspired with his wife Dorimène. At the work's summit is an authentic coin from 1900, symbolizing both the birth of the previous century and the founding of Desjardins Group.

France Allaire
Art Historian

ONE MISSION, ONE VISION AND VALUES AT THE SERVICE OF INDIVIDUALS AND COMMUNITIES

For more than 110 years, Desjardins has been counting on the commitment of its people to bring its cooperative **values** to life and achieve its **mission**, which is ultimately to meet the diverse financial needs of its members and clients. With a strong tradition in education, it aims to help individuals and communities take charge of their sustainable prosperity. In 2010, Desjardins adopted a **vision** for the future confirming the relevance of the cooperative model in meeting the economic, social and environmental aspirations of current and future generations.

OUR VISION

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.

OUR VALUES

Money at the service of human development

Personal commitment

Democratic action

Integrity and rigour in the cooperative enterprise

Solidarity with the community

OUR MISSION

To contribute to improving the economic and social well-being of people and communities within the compatible limits of our 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; and
- by educating people, particularly members, officers and employees, about democracy, economics, solidarity, and individual and collective responsibility.



MESSAGE FROM THE CHAIR OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER



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

TRANSPARENCY – OUR ONGOING COMMITMENT

This year, we are using Global Reporting Initiative (GRI) performance indicators in our social and cooperative responsibility reporting, as they help us to better measure and report on our progress in the various areas concerned. They also help us identify the areas that are particularly challenging for us.

After a few years of applying the GRI method, the challenge of measuring and better documenting certain aspects of our operations and their spinoffs persists. As you will see in this year's report, progress has been made in this regard. This report contains a wealth of information, for you – the reader – and for Desjardins management and employees, that testifies to the many initiatives carried out by Desjardins to contribute to the sustainable prosperity of individuals and communities.

OUR COOPERATIVE MISSION IS DEMANDING

Having said that, this *Social and Cooperative Responsibility Report* is also a way for us to bear witness to what distinguishes us as a financial cooperative group because the mission of Desjardins Group and the cooperative values on which it is based are in themselves demanding.

Cooperation obliges us to put money at the service of human development. The values of self-help, self-responsibility, democracy, equality, equity and solidarity also inevitably influence the initiatives of elected officers and employees of Desjardins Group. Our mission explicitly enjoins us to “contribute to improving the well-being of people and communities.” All of this commands attitudes and ways of working that are connected to the cooperative nature of our financial group.

Accordingly, our cooperative distinction is not simply a complementary addition to our strategic or business plans. Rather, it is intrinsic to them and is, therefore, an integral part of all of our actions. This is true for each and every caisse, for each region where our services are offered, and for Desjardins Group as a whole.

This is manifested in numerous ways. Together with select partners, we are helping to ensure we offer a range of solidarity products that meet the more modest needs of people who find it difficult to find satisfactory products on the financial services market. Some good examples are personal and business microcredit, microinsurance and help for young entrepreneurs.

We are also pursuing our commitment to sustainable development with ever-evolving products, services and programs that encourage our members, officers, employees and stakeholders to show respect for the environment.

COOPME, A PROGRAM THAT FOCUSES ON EDUCATION AND COOPERATION

In 2011, our analysis of our contribution to sustainable prosperity led to the launch of the Coopme program, an initiative that focuses on education and cooperation. We chose this focus because we feel that education and cooperation are the driving forces of sustainable prosperity. Not only are they woven into the very fabric of Desjardins, they have also been the foundation of our caisse model for over 110 years. We will continue to be a leader in education and cooperation, as we have for many years, particularly in terms of educating people about personal finance and economics as well as the democratic and civil aspects of social responsibility.

Next year's *Social and Cooperative Responsibility Report* will provide a more detailed look at the various initiatives associated with this program.

WE ARE OPTIMIZING OUR DEMOCRATIC GOVERNANCE

It is also important to remember that, as a cooperative, Desjardins Group is not just a company that offers financial services. It is also an association of people that relies on the democratic participation of its members as well as on the leadership and commitment of its elected officers and employees.

Today, we are making an effort to improve the mechanisms that allow all these people to play an even more active role in every aspect of Desjardins Group, whether through electronic democracy or through a broader representation of our members. Thousands of women and men collectively govern Desjardins Group, and we are taking measures to ensure that they can do so as effectively and as appropriately as possible, in the best interest of our members and of our clients.

Being a successful cooperative financial group is undoubtedly quite a challenge. But it is a stimulating challenge that the 50,000 officers and employees of Desjardins Group work hard to meet each and every day through their outstanding commitment and dedication.



MONIQUE F. LEROUX, FCA, FCMA
Chair of the Board, President and Chief Executive Officer
Desjardins Group



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REPORTING FRAMEWORK

The 2010 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. **It covers the period from January 1 to December 31, 2010 and is published during Cooperation Week, October 17 to 21, 2011.** The indicators selected are based on Global Reporting Initiative (GRI) guidelines and correspond to Application Level B. A complete index of the selected GRI indicators is available on pages 101 to 111 of this report.

NOTE TO READER

1. To facilitate comprehension of Desjardins Group's Social and Cooperative Responsibility Report, the following is a short definition of the terms "Desjardins Group," "Desjardins" and "caisse network":
 - a. The terms "Desjardins Group" and "Desjardins" refer to all Desjardins components, i.e. the Business Sectors, the Desjardins Group Support Functions, the subsidiaries, and the caisse network.
 - b. The term "caisse network" refers to all the Desjardins caisses, including the financial and administrative centres and the business centres.



THOUSANDS OF PEOPLE SERVING MILLIONS MORE

- 5.8 million caisse members and thousands of individual and business clients¹
- 42,500 employees across Canada
- Over 5,700 elected officers
- 451 caisses in Québec and Ontario, with
 - 924 service centres
 - 2,652 ATMs
 - 48 business centres serving more than 400,000 businesses
- Some twenty subsidiaries, many of which are active across the country
- Support for members in the U.S. with Desjardins Bank and the Caisse centrale Desjardins U.S. branch
- Present in 30 countries thanks to Développement international Desjardins
- Close to \$80 million given back to communities in the form of donations, bursaries and sponsorships

2010 HIGHLIGHTS



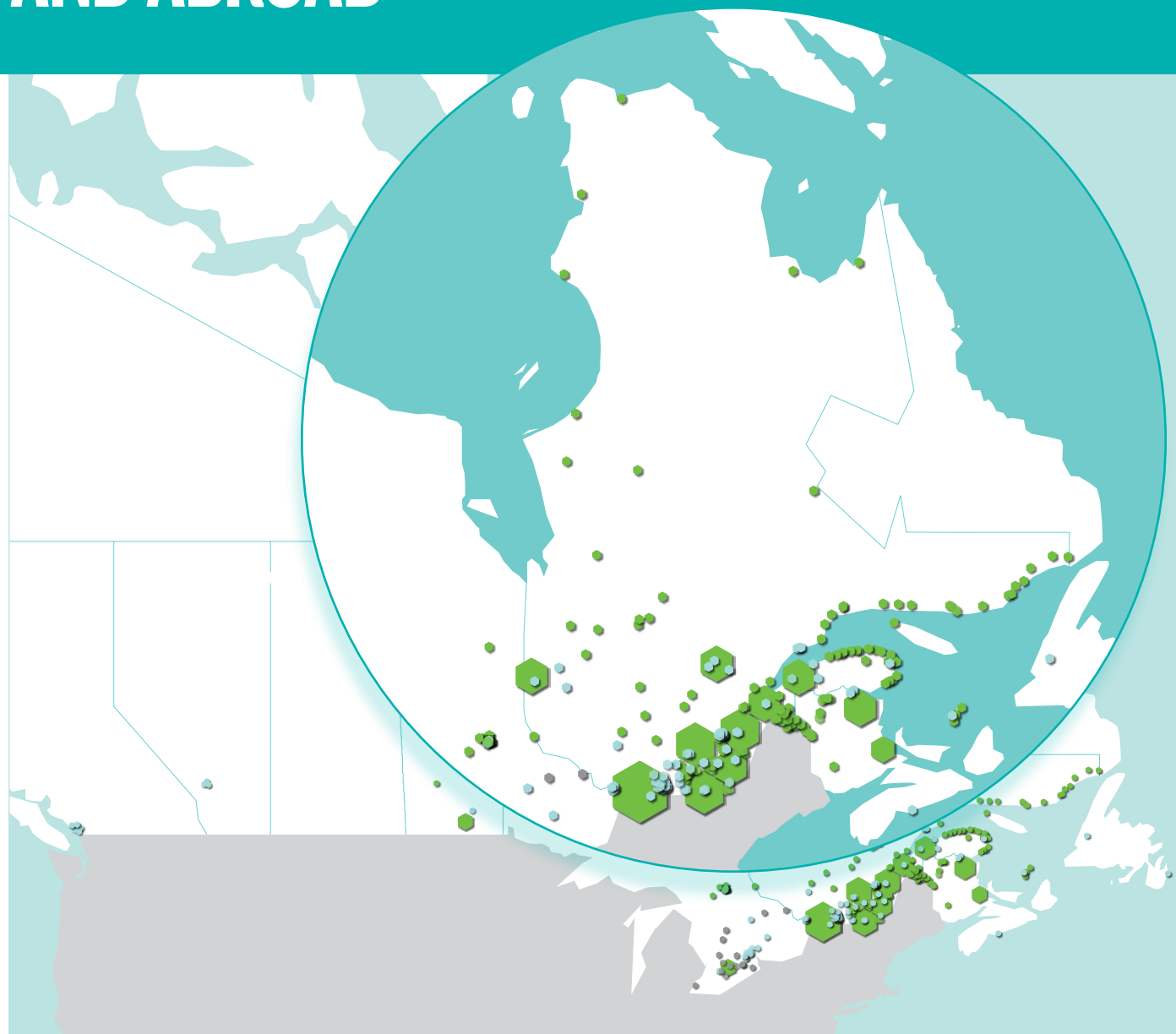
A SUCCESSFUL COOPERATIVE FINANCIAL GROUP

- The leading cooperative financial group in Canada
- The largest financial institution in Québec
- In 2010, the 4th safest banking institution in North America and the 20th safest in the world, according to New York's *Global Finance* magazine
- Awarded the title of "Bank of the Year 2010 – Canada" by *The Banker*, a publication of London's *Financial Times*
- Winner of the social responsibility category of the 2010 *Prix québécois de l'entreprise citoyenne* (Québec corporate citizenship award) presented by Korn/Ferry International, National Public Relations and *L'actualité* magazine
- One of Canada's 10 most admired corporate cultures of 2010, according to Waterstone Human Capital, Toronto

1. Some 5.8 million members (individuals and businesses) are the reason for being of the caisses in Québec and Ontario. Some of these members use the services of several Desjardins cooperatives or share an account with multiple account holders. Desjardins also meets the financial service needs of hundreds of thousands of clients of Desjardins subsidiaries who are not necessarily caisse members.



DESJARDINS HERE AND ABROAD



Desjardins Group's activities in Québec and across Canada

Concentration of service outlets (December 31, 2010)



534 service outlets



80 to 155 service outlets



42 to 66 service outlets



0 to 30 service outlets



1 service outlet



Other Desjardins components



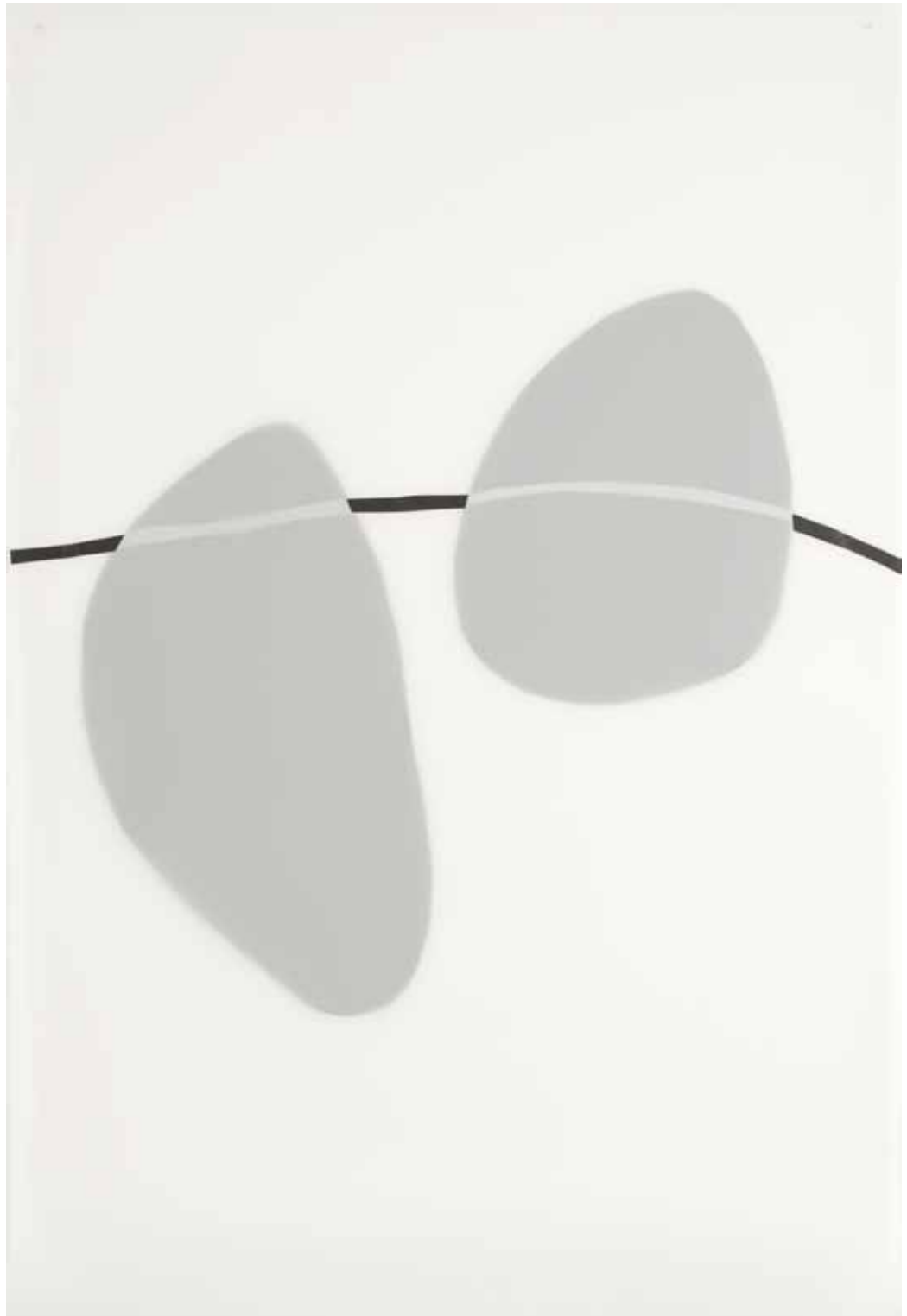
Desjardins Credit Union



OVER 7.5 MILLION PEOPLE HAVE ACCESS TO SECURE FINANCIAL SERVICES



**“WE WILL CONTINUE COOPERATING, WITHIN DESJARDINS,
WITH OUR MEMBERS AND WITH OUR CLIENTS, TO BUILD,
WITH THEM AND FOR THEM, THIS SUSTAINABLE PROSPERITY
TO WHICH WE ASPIRE.” – Monique F. Leroux**



Barbara Todd, *Two Horizons*, 2006, Collage on Mylar, 91 x 61 cm, Desjardins Art Collection

DIALOGUE WITH OUR STAKEHOLDERS

Our 2010–2012 Strategic Plan affirms our desire to engage in constructive dialogue with our stakeholders, i.e. our members and clients, our elected officers, our employees, and representatives of socio-economic, cooperative, political and environmental communities, in order to ensure the growth and development of Desjardins. These dialogues are great opportunities to share ideas and opinions and to express our individual needs and expectations.

Dialogue with our stakeholders comes in many forms: consultations with our members, clients and employees, meetings with consumer associations, surveys or discussion groups, and participation in various public debates. We always favour a flexible, participatory approach, as it is more conducive to openness and trust.

With regard to consumer associations, in 2010 we organized two meetings with their representatives to help us clearly identify consumer concerns about financial institutions. These meetings are very useful and have a direct impact on how we manage our range of products and services. The topics that were discussed this year included, among others, the challenges of financial literacy, service charges and advertising.

We also participate in public debates on improving the economic and social well-being of individuals and communities. In 2010, we presented a position paper to the financial literacy working group as part of the “Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada” consultation. We also presented a position paper to the Advisory Committee on the Financial Accessibility of Education as part of the “Vers l’accessibilité financière à l’apprentissage tout au long de la vie” consultation. In this last case, Desjardins Group was the only private financial institution to have participated in this consultation. Desjardins is also a major financial partner of the student financial assistance program.

We have continued with our initiatives to measure employee engagement following the major changes that have been taking place in the organization since 2009. More than 80% of employees answered our survey, and a large number of them gave us constructive comments and suggestions for activities to support and improve their engagement in this environment of change.

Over the years, we have also implemented several communication and consultation methods and mechanisms with our various stakeholders.



Stakeholder	Communication or consultation mechanism
Our members	<p>Caisse network and subsidiary employees (at the counter, by e-mail, by telephone, Web site, etc.)</p> <p>Caisse annual general meetings</p> <p>Ad hoc consultation committees</p> <p>Officer elections: one member, one vote</p> <p>Magazines: <i>Desjardins and Me</i> (also available electronically), <i>Desjardins Entreprises</i>, <i>Partenaires</i></p> <p>desjardins.com Web site</p> <p>Satisfaction surveys</p> <p>Product and service surveys</p> <p>Member services and Desjardins Group Ombudsman</p> <p>Online consultations</p> <p>Discussion groups</p>
Our clients	<p>Subsidiary call centres</p> <p>Desjardins Group and subsidiary Web sites</p> <p>Satisfaction surveys</p> <p>Product and service surveys</p> <p>Health and retirement surveys</p>
Our elected officers	<p>Caisse boards of directors and boards of supervision</p> <p>Meetings and assemblies (general, regional and group caisse meetings; Assembly of Representatives)</p> <p>Councils of representatives</p> <p>Elected Officer Portal</p> <p>Elected Officers' Info Bulletin (a quarterly bulletin)</p> <p>Annual Rendez-vous Meeting of Caisse Presidents and General Managers</p> <p>Annual Rendez-vous Meeting of Board of Supervision and Audit Committee Chairs</p> <p>Desjardins magazine</p> <p>Video conferences, telephone conferences and online conferences with Desjardins Group management</p> <p>E-mail address: president@desjardins.com</p> <p>Coming Together newsletter</p> <p><i>BoD Info</i> and <i>Ethics Info bulletins</i>¹</p>
Non-profit organizations	<p>Partnership agreements</p> <p>Sponsorships</p> <p>Presence on boards of directors</p> <p>Consumer association roundtables</p>
Government bodies	<p>Representation activities (registered as a lobbyist in Québec, Ontario and Canada)</p> <p>Presentation of position papers, commentaries and conferences</p> <p>Participation in Parliamentary commissions</p>
Our employees and managers	<p>Engagement surveys</p> <p>In-house information portal for Desjardins employees</p> <p>Web and telephone conferences with employees, managers and the President</p> <p>Information and video clips on the Portal</p> <p>In-house newsletter (for employees)</p> <p>Desjardins magazine</p> <p>Online consultations</p> <p>Ad hoc surveys on specific topics</p> <p>Reporting mechanisms to flag actions that violate the Code of Ethics and Professional Conduct and other frameworks</p> <p>Senior management blogs</p>
General public	<p>desjardins.com Web site</p> <p>Desjardins and Me magazine (also available electronically)</p> <p>Information distributed through the caisse network</p> <p>Focus groups (market research)</p> <p>Various surveys</p>

1. These information bulletins outline the activities of the Board of Directors and the FCDQ Board of Ethics and Professional Conduct.



CHALLENGE WITH RESPECT TO SOCIAL RESPONSIBILITY REPORTING

In 2011, we intend to continue our efforts to implement mechanisms that will allow us to obtain feedback from our stakeholders with an eye to improving our reporting performance.

14 MORE INDICATORS

The 2010 edition of our *Social and Cooperative Responsibility Report* includes 14 more indicators than last year's report, which bears witness to our concern for transparency and our desire to produce a better-documented report.



1. COMPANY PROFILE

“Cooperation – an economic development model that is more relevant than ever.”

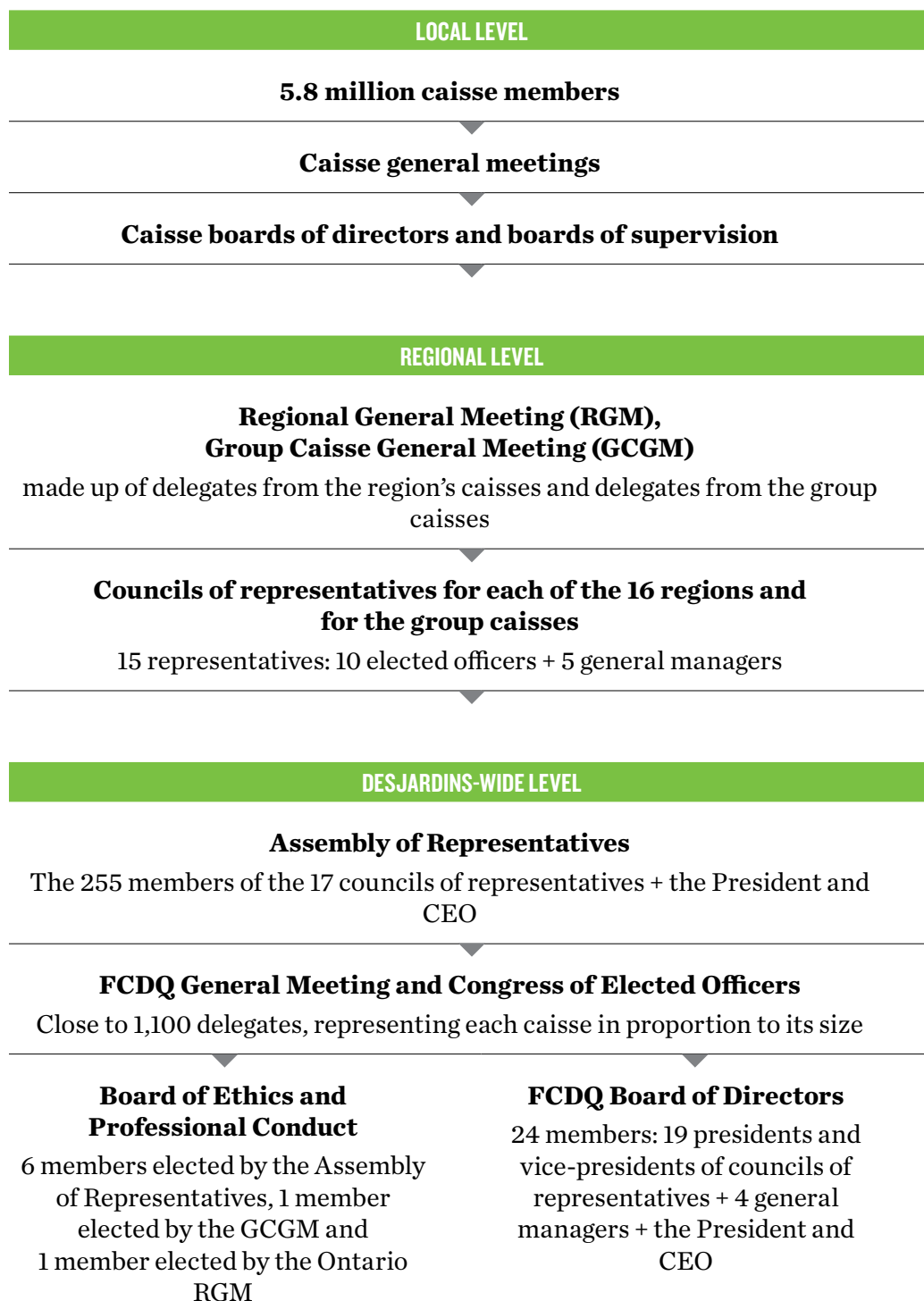


The notion of social responsibility is woven into the very fabric of Desjardins Group, whose mission is to contribute to improving the economic and social well-being of people and communities. Social responsibility is evident at every level of our organization, be it in our distinctive governance practices, our internal management practices or in our financial products and services. Our products and services are designed to meet the needs of our members and clients and often come with features that reflect our values of consideration, equity and solidarity.

In 2010, the “Cooperating in building the future” campaign showed the general public how committed Desjardins was to sustainable prosperity. This campaign positioned cooperation as a financial model of the future by favouring education, cooperation and entrepreneurship as catalysts for action.

1.1 GOVERNANCE

Desjardins Group is a democratic organization run by its members. The members elect their representatives, and these representatives establish Group policies and make decisions on behalf of the members.



BIRTH OF THE FIRST SAVINGS AND LOAN COOPERATIVE IN NORTH AMERICA

On December 6, 1900, in a small community hall on Bégin Street in Lévis, Québec, Alphonse Desjardins, his wife Dorimène, and one hundred of their fellow citizens adopted the Constitution and By-laws of Caisse populaire de Lévis. The purpose of this savings and loan cooperative, the first in North America, was to give its members access to savings and loan services and to provide them with a local business development tool. With this model, depositors would be members – not just clients – who, according to the “one person, one vote” principle, would have a say in the operation of their financial cooperative. And this is still the case today.

A participatory democracy

Desjardins Group has implemented various democratic mechanisms to help its members participate in decisions concerning their caisse. Among other things, members 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. Over the years, Desjardins has made sure to develop its mechanisms to ensure a vibrant democracy.

In a Desjardins caisse, the general meetings are where members decide on the major orientations of the caisse, on potential amalgamations (mergers) and on the by-laws that govern its operations. They learn about their caisse’s annual results and vote on the distribution of surplus earnings. According to the “one member, one vote” principle, caisse members have certain powers under the *Act respecting financial services cooperatives* in Québec and under 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 democratic process at Desjardins are the councils of representatives, which are responsible for addressing the concerns and expectations of the caisses in a particular region or the group caisses, and communicating them to the FCDQ Board of Directors. These councils also actively participate in defining Desjardins Group’s orientations. There are 17 councils of representatives in all: 16 for the caisses populaires and one for the group caisses.

Each council of representatives is made up of ten 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 by the group caisse network. 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 councils of representatives and the 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 caisses belonging to an exceptionally large territory.



Participation in the democratic aspect of caisse activities	2010	2009	2008
Number of members attending caisse annual general meetings	74,239	88,951	88,274
Percentage of members attending caisse annual general meetings	1.35 %	1.56 %	1.56 %
Number of caisse delegates at regional and group caisse general meetings	1,067	1,030	1,026
Number of caisse delegates at FCDQ general meetings	1,095	1,085	1,094
Percentage of representatives attending the Assembly of Representative ¹	88.7 %	85.4 %	89.2 %

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 President and CEO of Desjardins Group (256 people).

The decrease in member attendance at their annual general meeting is an issue that we have been monitoring for many years. Desjardins officers initiated work in 2012 to verify the feasibility of expanding electronic democracy to the local level. This way, Desjardins will be able to invite members who cannot make it to the meeting to attend online, at desjardins.com. Certain caisses are already giving their members the opportunity to attend their annual general meetings online. Members can ask questions and make comments online, or take part in consultations, but they cannot as yet officially vote online. Therein lies the challenge of the electronic democracy project.

Desjardins Group is currently carrying out several pilot consultation projects on fundamental issues such as Desjardins Group and caisse governance, distribution networks for financial products and services, and productivity. These consultations allow a large number of people to take an interest in the current issues of Desjardins Group and to concretely help identify possible solutions. We have also set up a Youth Committee to obtain the opinions, comments and suggestions of young members. So far, some sixty work groups, made up of nearly one hundred or so elected officers and several hundred caisse managers and employees, have been able to get involved. Caisse general managers were also asked to participate in the efforts of the Business Sectors on a monthly basis.

For its part, the Board of Directors has realigned the mandate of one of its commissions to make sure that it was focusing all its attention on the cooperative and democratic aspects of Desjardins Group. As for the caisse boards of directors and boards of supervision, they are responsible for ensuring that Desjardins values are respected and promoted at the local level.

The 2010–2012 Strategic Plan is the result of an unusually large-scale democratic consultation, whose overall orientations were examined by more than 5,700 elected officers locally and confirmed in congress by the 1,190 officers delegated by the caisses. The caisses then took action by adopting their strategic plan and contributing to their regional plan by ensuring that cooperation and social responsibility were an integral part of the performance dialogue.



Tools to better meet member needs

For Desjardins, improving member satisfaction with regard to its distinctive cooperative business practices is a daily commitment that resulted in several achievements in 2010.

- In terms of client satisfaction, Desjardins developed a new Canada-wide benchmarking study and conducted an initial survey over the course of the year. The tools used by the caisses to measure member satisfaction were reviewed and are now being used after every service delivery. Reports are produced three times a year, allowing us to keep a close eye on how the situation is evolving.
- The immigrer.com site and a kit containing six handout sheets were launched for newcomers to Canada and members of cultural communities. These tools provide a wealth of information on Desjardins and the services it offers this clientele. Also, the rules for obtaining a VISA Desjardins card were relaxed for these communities.
- Our mobile services offering was broadened in 2010. Our members (individuals and businesses) can now check their balance, make fund transfers between accounts and between individuals, pay their bills and request a car insurance quote. They can also convert their money to foreign currencies. The new disnat.com/mobile site also lets them access their Disnat account, view securities listings and even buy or sell securities.
- VISA Desjardins FOR STUDENTS ONLY cardholders, who are young people between 18 and 25 years of age, can receive e-mail alerts three days prior to their payment deadline to remind them to settle their account and avoid interest charges.

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 community's needs, which in turn allows them to provide better service. Desjardins is attentive to this requirement and has initiated in-depth analyses to identify measures or approaches tailored to different communities, which could improve representation of these communities in its local caisses.

Our approach with newcomers, be they new members or elected officers, is an extension of our desire to reflect diversity within caisse and Desjardins Group bodies, as illustrated by the following initiatives:

- The Young Intern Officer program enabled 198 young people under 35 years of age to work on a caisse board of directors and then become an elected officer.
- Collaboration mechanisms were implemented to better identify the needs of our members, clients, newcomers and members of cultural communities, and to design products and services that are more and more suited to their financial reality.



Representation of women in caisse governance (as a %)	2010	2009	2008
Elected officers who are women	34.9	34.7	34
Board of directors chairs who are women	14.7	14.6	13.5
Board of supervision chairs who are women ²	34.0	33.5	34

2. Only caisses in Québec have boards of supervision.

Representation of elected officers by age group (as a %)	2010	2009	2008
Officers between the ages of 18 and 34	11.1	11.0	10.8
Officers between the ages of 35 and 49	19.8	20.7	21.3
Officers between the ages of 50 and 64	43.4	43.6	44.4
Officers age 65 or up	25.7	24.7	23.5

A RIGOROUS CODE OF ETHICS AND PROFESSIONAL CONDUCT ANCHORED IN OUR VALUES

New tool to help people understand Desjardins Group's mission, vision and values

Remaining faithful to the vision of its founder, Alphonse Desjardins, Desjardins Group strives to ensure that the actions and decisions of its members, employees and elected officers are in line with Desjardins values. In 2011, Desjardins will be building on the work carried out in 2010 to provide its 42,500 employees and its more than 5,700 elected officers with a new reference tool to give them a better understanding of Desjardins Group's cooperative identity, along with its values, mission and vision. It will also be launching an interactive online training course on cooperation and social responsibility.

Code of Ethics and Professional Conduct

Every year, all Desjardins Group officers and employees must sign a statement acknowledging that they have read Desjardins Group's *Code of Ethics and Professional Conduct* and agree to comply with its values, principles and rules. This means that everyone who works at Desjardins must:

- 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 fulfill its social responsibility
- Protect the interests of Desjardins and its stakeholders, specifically respecting people, the common good and the organization



The Desjardins Group's *Code of Ethics and Professional Conduct* also sets out very precise rules on confidentiality, data protection, conflicts of interest, granting contracts and protecting the reputation of the organization. There is also an anonymous mechanism for reporting situations that violate the Code. In addition, employees who so desire can receive online training and advice on professional conduct.

Desjardins Group has a Board of Ethics and Professional Conduct composed of eight members who are elected officers from caisses in Québec and Ontario. Among other things, the duties of this Board are to:

- Ensure the independence and impartiality of the FCDQ's inspection and audit services
- Adopt the rules of ethics and professional conduct and ensure that they 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 properly

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

In addition, each caisse has a board of supervision, made up of elected officers, that assumes special responsibility for ethics, professional conduct and cooperation. This board is also independent from the caisse's board of directors. For their part, Desjardins subsidiaries have a body that is responsible for ethics and professional conduct.

Ethical practices connected with marketing communications

As for its marketing communications (advertising, promotions, sponsorships), Desjardins Group's practices are guided by the values of honesty and transparency, and are in keeping with the applicable legislation (consumer protection, copyright and French-language laws). The same applies to all matters concerning photographic rights, standards of the *Union des artistes* and intellectual property.

Human rights and procurement

When it comes to protecting human rights, Desjardins Group subscribes to the fundamental principles stipulated in the UN's *Universal Declaration of Human Rights*, the International Labour Organization's fundamental conventions, the *Canadian Human Rights Act* and the Québec *Charter of Human Rights and Freedoms*, among other documents. This endorsement is also reflected in its policies and practices regarding its employees, members, suppliers and the communities it serves. Desjardins is keeping a close eye on these issues, especially in the areas of procurement and investment management, where they are particularly complex.



In the wake of Desjardins Group's reorganization, we are currently working on developing a single new harmonized policy for the entire Group. This new policy will deal with respect for human rights and will reference all the policies already in place at Desjardins, including the sustainable development policy.

In September 2010, we began work on creating a register that will include information on large contracts. This register is the result of a great deal of hard work by several teams in the legal, technology and procurement areas. Responsibility for this register has been entrusted to the legal sector, which will ensure compliance with the associated rules.

POLICIES AND PROCEDURES SPECIFIC TO HUMAN RIGHTS

Desjardins employees working in the security sector receive no specific training on human rights because all the investigators who work for Desjardins are former police officers who were trained in human rights at the *École nationale de police du Québec* (Québec police school). Also, specialized security firms hired by Desjardins for specific needs must have a license confirming that their employees have received appropriate training.

Activities with a major risk of child labour

Desjardins Group's contracts with its suppliers do not include provisions specifically dealing with child labour. However, they all contain a provision on respecting ethics and human rights. Starting in 2012, a code of conduct will be incorporated into all supplier contracts, covering the following topics: governance, labour and human rights (freedom of association, child labour, discrimination, etc.), the environment and ethics.

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, in compliance with its cooperative principles. These relationships seek to fulfill four objectives:

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



These representations aim, first of all, to ensure the continuity of Desjardins Group's operations by ensuring that the regulatory frameworks and calls for tenders take into account its cooperative difference and ensure healthy competition among financial institutions, thereby serving the best interests of its members and clients, elected officers, employees, and the communities served by Desjardins. The Corporate Affairs and Desjardins Group Management Division handles all responsibilities inherent in representations made to government officials.

In Canada, representation activities are subject to legislation on lobbying, which is recognized as the legitimate means of accessing the different levels of government with respect to both policy and administration. In order to guarantee transparency 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 Ontario government's *Office of the Integrity Commissioner*. 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 debates concerning its activities by presenting position papers and commentaries to legislative and government bodies, and by participating in events and organizing conferences. For example, in Québec, it worked on revising the *Consumer Protection Act* in close collaboration with the *Office de la protection du consommateur*. On a federal level, it participates in the work of the expert panel devoted to reviewing federal support to research and development.

Privacy policy for members and clients

Aware of the crucial importance of all issues pertaining to the protection of personal information, Desjardins Group has adopted a privacy policy. This policy establishes the guidelines and rules that all Desjardins components must set for themselves and abide by with regard to member and client personal information collected, held, used or disclosed. This policy may be consulted at desjardins.com/privacy.

Complaint management

Created in 1994, the Desjardins Group Ombudsman function operates under conditions for carrying out an independent review. 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 professional 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 compensate a member or client who it deems to have been unfairly treated.



Each year, the Ombudsman produces a report in which it presents its observations and recommendations to Desjardins Group senior management and officers. The Ombudsman also serves as the liaison between the *Autorité des marchés financiers* and Desjardins for handling complaints concerning all of Desjardins Group.

Ombudsman	2010	2009	2008
Number of complaints handled by the Ombudsman	172	217	194

Fraud prevention and information security

Desjardins Group has created a number of training and awareness programs designed to protect the personal information of its members and clients and ensure the security of their assets.

Since the end of 2009, a Desjardins-wide campaign has been under way to raise awareness about information security and to promote responsible behaviour with regard to protecting the personal information of our members and clients. Since the beginning of this campaign, more than 32,800 employees have learned about various aspects of information security and protecting personal information.

Information security	2010	2009	2008
Desjardins information security awareness (% employees)	81.5 %	N/A	N/A

In addition, as part of the Fraud and Other Types of Losses (FAS) prevention program, each caisse, business centre and administrative centre must appoint a FAS prevention representative who is responsible for raising employee awareness about fraud and security. These representatives are supported in their efforts by a vast fraud prevention training and awareness program. In 2010, close to 800 fraud prevention representatives attended a forum on fraud and other types of losses. The topics covered in this forum included mortgage, technology and internal fraud, managing risky accounts, social networks and terrorism. In addition, during a regional tour, we were also able to train 515 participants in security practices.

Desjardins Group actively supports the authorities in their efforts to fight money laundering and terrorist financing activities. In this context, caisse 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 annual general meetings. A training session on how to make sure transactions are secure has been adapted to several types of clientele, including students, workers and the elderly. Desjardins members also have online access to complete and up-to-date information on how they can protect themselves against fraud, on a security microsite.

Protecting member assets is a major concern for Desjardins. To this end, it has launched several campaigns and events in order to provide its members with information and awareness about these issues, including Fraud Prevention Month, a document shredding day and a series of TV shorts in French entitled *Tout savoir sur vos avoirs* (Know everything about your assets) that deals with personal information and identity theft. In addition, the Guaranteed 100% Secure program ensures that members are reimbursed if they are victims of online or ATM fraud.

Desjardins Group is a partner of the Bank Crime Prevention and 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 forged 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. The purpose of this framework is to implement the measures required for the sound management of the risks to which Desjardins is exposed, thereby maintaining sustainable overall performance.

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

The first self-assessment exercise was carried out in 2008–2009 for all components affected. 81% of the self-assessments were reviewed in 2010 and the others will be reviewed over the course of 2011.

Finally, Desjardins Group's monitoring of corruption risk is supported by a framework policy that ensures the identification, measurement, management, mitigation, monitoring, and disclosure of all material operational risks in accordance with the policies and tolerance thresholds approved by the Desjardins Group Board of Directors. A hotline has been set up so that employees can report any misappropriation of funds.



Risk management in the property and casualty insurance sector

Desjardins General Insurance Group's risk management frameworks and practices provide for the identification of material risks. All products and projects that are deemed to have high-impact social or environmental risks are subjected to a risk analysis. Also, the actuarial services sector includes climate-change scenarios in its annual Dynamic Capital Adequacy Testing in order to test the impact of a number of climatic events.

If a major risk is identified, the procedure below is followed:

1. Assessment of the risk
2. Assessment of the mitigation measures
3. Synthesis of the risk analysis and determination of the issues
4. Disclosure, action plan and follow-up, as required

Desjardins Group management and the person in charge of risk management are responsible for implementing and following up on the risk assessment procedures. Once a risk has been identified, action and follow-up plans must then be implemented, if necessary. The results of this process help us make a decision about whether or not to go ahead with a project or transaction.

Managing the environmental risks of business credit

Desjardins includes an environmental risk analysis in its assessment of business credit risk. This analysis deals with the risk of operating a business, i.e. its sector of activity, its ability to manage environmental risks and the characteristics of its operations. The first step is to identify the company's sector of activity and then to carry out an analysis based on the risk level inherent in this sector. If the information obtained from the company is insufficient, we can carry out an environmental compliance audit. In certain cases, a Phase 1 environmental site assessment is required in order to obtain a loan. The purpose of this assessment is essentially to spot real or potential contamination risk indicators on a site.

For farm loans, an additional risk rating is added to the conventional risk analysis, i.e. the risk of environmental default. This rating comes from the risk level assessment stipulated in environmental laws in general or in the *Agricultural Operations Regulation*.

Since 2006, Desjardins has also been working hard to make its business members aware of the importance of properly assessing the environmental risks of their projects, and to support them in their assessments. With close to 400,000 business members in Québec and Ontario, nearly 150,000 of which are borrowers, Desjardins can have a significant impact in this area.



OUR CHALLENGE FOR 2011 WITH RESPECT TO DEMOCRATIC AND ETHICAL GOVERNANCE

Increase member attendance at Desjardins
caisse annual general meetings by implementing
innovative solutions.

A SOLID CAPITAL BASE



1.2 CAPITALIZATION

More and more, strong capital levels are a deciding factor in the confidence placed in financial institutions. Now more than ever, the credit rating agencies and the market are favouring the best-capitalized institutions. Since 2008, the global financial and economic environment has changed dramatically and profoundly due to the most serious financial crisis since the Great Depression. The financial crisis has had enormous repercussions on the stability of financial institutions around the globe.

As a result, Desjardins Group must continue its capitalization efforts. The still fragile financial climate and the growing requirements of regulatory authorities in this matter call for caution and foresight. Every caisse that strengthens its capital base is giving itself a solid financial cushion that will enable it to guarantee all of its activities as well as the services it offers to its members.

Desjardins must also 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 and competitive edge, and support its future growth. In 2010, remarkable progress was made in this respect with two issues on the securities market, totalling \$1.6 billion, as well as a \$506-million issue of permanent shares. Last but not least, surplus earnings net of the provision for member dividends will buoy Desjardins Group's reserves.

Thus, as at December 31, 2010, Desjardins Group's Tier 1 capital ratio was 17.7%, compared with 15.8% in 2009. The level and quality of regulatory capital – which is a little more than \$15 billion, 70% of which is from the reserves and surplus earnings – 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

The economic participation of members through the acquisition of capital stock is a practical application of the third cooperative principle of the International Co-operative Alliance. By acquiring capital stock, members can contribute more directly to the development and longevity 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 the interest payable on those shares without, however, exceeding the maximum interest rate determined by the 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.

Member participation in caisse capitalization	2010	2009	2008
Permanent shares (in millions)	\$2,008	\$1,502	\$828
Qualifying shares (in millions)	37	42	38
Capital shares (in millions)	50	42	40
Surplus shares (in millions)	84	64	49
Individual participation in caisse capitalization – amount per member	\$2,252	\$1,929	\$1,704



SHARING SURPLUS EARNINGS

Every year, in each caisse, after ensuring that there are sufficient funds in the general reserve, the members at 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 section 3.1 "Our contribution to collective prosperity" for more information).

RECOGNITION OF DESJARDINS GROUP'S FINANCIAL STABILITY

In terms of cooperative and financial performance, Desjardins Group came in 20th among the 50 most reliable financial institutions in the world, according to *Global Finance* magazine's World's 50 Safest Banks rankings. Also, the British magazine *The Banker*, a publication of the *Financial Times*, named Desjardins "Bank of the Year 2010 – Canada," attesting to Desjardins Group's financial stability and the depth of its social responsibility activities. Desjardins is among the financial institutions with the highest capital in the Canadian banking industry.

OUR CHALLENGE FOR 2011 WITH RESPECT TO CAPITALIZATION

Implement financial tools that allow caisse members to actively participate in the capitalization of their caisse, thereby supporting its financial stability for the greater good of their community.



2. PRODUCTS AND SERVICES

“The purpose of our existence is to serve our members, our clients and their communities. Their satisfaction is essential to the achievement of our objectives.”



We offer our members and clients financial services that are diverse, tailored to their needs and accessible night and day, at competitive prices. Whether by offering conventional financial products or solidarity products such as microcredit or by developing educational and assistance services, we do our utmost to meet the needs of our members and clients. Our service offering is characterized by thoughtfulness, consideration and courtesy, and clearly shows that, at Desjardins, *money is at the service of human development.*

2.1 OUR COMMITMENT TO OUR MEMBERS AND CLIENTS

AN ORGANIZATION CHARACTERIZED BY ITS INTENT

Desjardins Group was created to meet the needs of its members. After 110 years of existence, that is still its primary vocation and raison d'être. The service offering has certainly evolved over the years, but the commitment to its members and clients of all income levels still reflects this primary intention of being at their service. At Desjardins, this resolve to meet members' and clients' needs first is called "the service rationale".

The service rationale differs from the profit rationale that characterizes capital-stock financial institutions – such as the banks – which impels them to seek maximum profitability for their shareholders. At Desjardins, "profits" are used to carry out the Group's economic and social mission. Profitability enables Desjardins Group to serve the largest possible number of people while ensuring the development and survivability of the organization. According to the service rationale that determines the direction for Desjardins' business objectives, profits are considered to be a means, and not an end in themselves.

The service rationale to which Desjardins subscribes is also reflected in operating rules that are specific to cooperatives, and in commercial practices that are characterized by:

- The considerable physical and social accessibility of the financial products offered
- The education and information provided to members, which guides them in making enlightened financial decisions
- Solidarity with people who are in difficulty
- Community development with a focus on sustainable development
- Primary consideration for the interests of members and clients in the product and service offering

Since 2009, the Desjardins performance model has determined each of the strategic orientations that help to translate its cooperative values into concrete actions benefiting its members and clients.



Strong values

- Money serving human development
- Personal commitment
- Democratic action
- Integrity and discipline in the cooperative enterprise
- Solidarity with the community



2.2 ACCESSIBILITY OF SERVICES

Desjardins is the financial institution with the greatest presence in Québec. It has more points of service than all the banks combined. Of these, 32% are located in sparsely populated areas. In addition, 75% of devitalized municipalities have a Desjardins ATM within their boundaries, and residents of the other 25% have access to one within a radius of 20 km, with the exception of three municipalities whose population is less than 500. In those cases, members are obliged to travel to another municipality to access an ATM or point of service, or to obtain certain products and services (physician, drug store, supermarket).

Our members are also served by caisses that cater to cultural communities (Chinese, Italian, Lithuanian, Polish, Portuguese and Ukrainian) with 14 points of service. Our members can obtain services in 13 different languages and can choose a point of service suited to their needs using the selection tool available on desjardins.com. We also address the reality of the First Nations, which have three caisses and three points of service in their territory. In addition, 36 caisses are located near a native community.

Since 2007, following a pilot project launched by the Kativik Regional Administration, the Local Development Centre, the Fédération des coopératives du Nouveau-Québec and the Caisse d'économie solidaire Desjardins, the 14 communities of Nunavik have been benefiting from Desjardins financial services. As of December 31, 2010, there were 2,517 individual members and 60 member organizations. Six of the 14 villages are served by 7 employees who are bilingual or trilingual. Our online services provide additional access to financial services north of the 55th parallel. For more information, visit nunavikfinancialservices.coop, available in French, English and Inuktitut.

In addition to its vast distribution network in Québec, Desjardins offers its members and clients an incomparable advisory team, consisting of over 1,650 financial planners, 390 investment advisors, 8,600 mutual fund representatives, 280 financial security advisors and 200 mortgage representatives.

In Ontario, at the end of 2010, the caisse network consisted of approximately 20 caisses and 43 service centres, for a total of 63 points of service. In other parts of Canada, we rely on synergy with the cooperative community, with caisses in Manitoba and Acadia, and with our subsidiaries to provide our members and clients with financial services tailored to their needs, thereby contributing to the sustainable prosperity of communities. Finally, our members visiting or doing business in the United States can count on Desjardins Bank and the Caisse centrale Desjardins U.S. Branch.

“WE WANT TO SERVE ALL OUR MEMBERS AND CLIENTS EFFECTIVELY. THIS INCLUDES THOSE WHO CHOOSE TO USE VIRTUAL MEANS OF ACCESS AS WELL AS THOSE WHO WANT TO VISIT US IN THE CAISSE OR AT OUR VARIOUS POINTS OF SERVICE. IT INCLUDES BOTH THOSE WITH MODEST NEEDS AND THOSE WITH GREATER WEALTH ON WHICH TO BUILD.”



CHANGING HABITS OF CAISSE MEMBERS

In the last twenty years, the habits and needs of our members have shifted considerably from teller transactions (cashing cheques, making deposits, etc.) to electronic transactions (virtual transfers, e-statements, etc.). As a result, we have had to adapt to changing behaviours associated with this increased use of virtual transactions. In fact, in the past ten years, transactions carried out via the Internet have increased by 2,200%, and this growth has been reflected in fewer visits to the caisses and to ATMs. Nevertheless, we are aware of the concerns that communities have when a point of service has to be closed, and of the effects of such closures on the communities. We want to continue offering quality service to caisse members through customized, innovative solutions, whether in communities that are sparsely populated or in communities facing a situation of decline.

With this in mind, here are the principles that Desjardins considers when making its decisions, and that invoke the responsibility both of the financial services cooperative and of its members:

- All caisse members enjoy democratic rights and, in return, agree to become involved in their cooperative's development by using its services. In doing so, they contribute to the development of their community.
- To effectively fulfill their mission, the cooperatives must also concern themselves with their financial soundness (capitalization, solvency, profitability); this is necessary to their success, although not their *raison d'être*.
- As cooperative businesses, the caisses must make financial services accessible to their members while fulfilling the principles of equity and solidarity. They are committed to the development of their communities, but they are not charities. This means that, as a matter of fairness, all members or groups of members must bear the costs that are inherent in the services they use. As users, they benefit from their cooperative and from a fair redistribution of its returns, according to the use they make of it. In concrete terms, if they entrust their savings to other financial institutions and use their caisse only for updating their passbook or withdrawing cash, members do not participate in the prosperity of their caisse.

The caisse cannot contemplate providing its services at a loss to specific groups over the medium and long terms without jeopardizing the equity of its practices towards the entire membership, as well as the balance between its income and its expenses.



ACCEPTING THE NEEDS OF OUR MEMBERS AND CLIENTS WHILE REMAINING OPEN TO TECHNOLOGICAL AND SOCIETAL CHANGES IS PART OF OUR COOPERATIVE CULTURE.

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 third most visited in Canada. Thanks to the adaptation of its 40,000 pages, including images, that are readable with either a text-to-Braille or text-to-speech screen reader, in English and French, desjardins.com also offers easy access for the visually impaired.

AccèsD is the most frequently used financial transactional site in Québec. In 2010, over 2.4 million users carried out 876.6 million automated transactions on the site. AccèsD also offers new functions such as international fund transfers, intercurrency transfers, cheque imaging, and enrollment in various savings programs (e.g. TFSA and RRSP).

2010 was a “springboard” year, with launches of new smartphone applications.

It is now possible to carry out many financial transactions and to receive specific alerts on mobile telephones... another method for carrying out financial transactions without the need to go anywhere, which is an advantage for people with reduced mobility. Launched in September 2010, Desjardins mobile services had 114,510 active users who had carried out over 3 million transactions as at December 31, 2010.

In addition, the Desjardins General Insurance (DGI) Web site includes an application enabling users to obtain a quote online for automobile and home insurance, making it easier to access these services. In June 2010, DGI became the first insurer in Canada to allow renters to obtain an insurance quote using a smartphone. The automobile insurance quote application was launched in September 2010.

Telephone access

The Desjardins AccèsD call centres are still the international benchmark among financial institutions, having obtained COPC (Customer Operations Performance Center) certification in 2010 for the sixth year in a row. Every month, COPC assesses over 200 performance indicators relating to productivity, quality and client satisfaction. Desjardins is the only institution in the world to have obtained this certification six times.



Accessible automated teller machines

The 2,652 ATMs operated by the Desjardins network are accessible to people with visual impairments and reduced mobility. Besides being equipped with a handy shelf for their users, the Desjardins ATMs stand out for their keyboards, screen and buttons which are placed lower, making them easier to reach for members who are wheelchair-bound or of smaller stature. As a result, transactions can be carried out with full security.

Voice-guided service also enables blind, illiterate or elderly users to enjoy the advantages of ATMs. By inserting earphones into a jack on the ATM, these members can obtain 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 accessible to persons with reduced mobility

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

Facilitating the financial integration of newcomers

The newcomers and cultural communities clientele represents nearly 20% of Québec's population and is one of the main sources of the province's demographic and economic growth. Many newcomers wish to familiarize themselves with the Canadian financial system, and this is key to their successful integration and to their financial prosperity. Desjardins Group has therefore taken several steps to promote the financial education of this clientele, in order to meet its needs.

- An initiative has been launched in the caisses to:
 - Raise employee awareness of the needs and expectations of newcomers and of the financial issues inherent in settling in a new country
 - Encourage the sharing of information beyond that concerning the actual financial products (e.g. the importance of having a good credit record) in order to ensure a better understanding of the proposed solutions
- Information kits in English, French and Spanish have been made available, both in the caisses and at desjardins.com. The goal of these kits is to introduce and explain the world of finance in Canada.
- Newsletters are published on the Québec Web site immigrer.com to provide useful financial information to future immigrants.
- Information about Desjardins and about financial products is presented in the “Newcomers to Canada” section of desjardins.com.
- The online account application form has been simplified and can be completed from outside the country.



User fee rate structure

The user fee rate structure is designed to promote equity among the members, among other things. Members are entitled to similar rates if they contribute similarly to the profitability of their caisse and if they meet the same conditions and requirements imposed for using the services.

Desjardins is the only financial institution to offer a basic fee of less than \$3 to promote universal access to financial services while maintaining members' responsibility to their cooperative. Furthermore, all of the account plans may be obtained free of charge if a preset balance is maintained at all times.

Fees for disabled members

Members who are unable to use automated teller machines due to a permanent disability of any sort are entitled to pay the automated service rates even if they carry out their transactions at the counter.

“AT DESJARDINS, WE BELIEVE IN THE IMPORTANCE OF ENTREPRENEURSHIP. IN FACT, WE ARE THE FINANCIAL INSTITUTION WITH THE GREATEST COMMITMENT TO SMALL AND MEDIUM-SIZED BUSINESSES IN QUÉBEC.”

SNAPSHOT OF LOANS TO BUSINESSES

The Desjardins caisse network covers some parts of Ontario and the province of Québec, which is subdivided into 17 regions. The portfolio of medium-sized loans represents \$31.0 billion while that of medium-sized savings amounts to \$20.7 billion.

Desjardins: support for all types of small and medium-sized businesses throughout Québec

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

Desjardins Group's expertise is increasingly recognized by medium-sized businesses (business volume from \$10 million to \$100 million). The proportion of the loan portfolio held by small and medium-sized business members has been growing steadily in recent years, and now stands at nearly 37%.

In Québec, the distribution of the business loan portfolio is balanced from one region to another. There are no significant differences between the regions, be they urban or rural. In addition, the distribution of loans by sector (mortgage, commercial/industrial, agricultural) and by business size is also balanced.



In the farm credit sector, Desjardins Group supports over 15,000 businesses and holds 42.6% 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.

SUPPORT FOR NATIVE ENTREPRENEURSHIP

In collaboration with the Saguenay–Lac-Saint-Jean caisses, Desjardins Group has taken on an important leadership role in setting up the Fonds de garantie de prêts Mashteuiatsh (loan guarantee fund). With a capitalization of close to \$4.3 million, this fund is designed to provide the entrepreneurs of this community with guarantees of up to \$500,000 on approved traditional financing. This initiative was made possible thanks to the participation of the Mashteuiatsh Band Council and Rio Tinto Alcan.

This fund is one more tool through which Desjardins Group manifests its desire to rally key members of the community together, while providing guidance to the entrepreneurs of Mashteuiatsh for the development of their current and future businesses.

2.3 DISTINCTIVE PRODUCTS

SOLIDARITY PRODUCTS AND SERVICES

Desjardins is the only financial institution in Québec to offer products that are part of the solidarity finance trend. This is a socially minded answer to financial needs of smaller scope.

Desjardins Mutual Assistance Funds

Through the Desjardins Mutual Assistance Funds, Desjardins Group confirms its mission to contribute to the economic and social well-being of individuals by meeting all the financial needs of its members.

The Desjardins Mutual Assistance Funds are intended for people who are usually excluded from conventional credit networks, giving them access to budget management advisory services provided by budget consulting organizations, as well as financial support. “Tide-over” loans may be offered selectively to meet urgent financial needs. These loans are interest-free and must be repaid within 24 months.

The Desjardins Mutual Assistance Funds promote greater familiarity with the resources in the community and greater awareness of spending habits; they also contribute to the revitalization of communities, economic diversification and the social reintegration of marginalized individuals. In addition, a financial education component is designed to help people make more enlightened decisions even when they find themselves in very precarious situations. For example, in over 60% of cases, a simple budget restructuring, combined with various solutions, can enable people to rebalance their personal finances.



People who have obtained a tide-over loan and who subsequently find themselves in financial trouble once again are offered several accommodative arrangements by our partner, such as:

- Revision of the original budget
- Deferment of the repayment deadline
- Reduction of the repayment amount and deferment of the repayment date

Desjardins Mutual Assistance Funds (MAF)	2010	2009	2008
Participating caisses	63.6 %	61 %	59.4 %
Number of loans granted through an MAF	705	703	672
Amounts loaned	\$409,103¹	\$ 433,150	\$ 409,712
Recovery rate	82.1 %	83.1 %	89.0 %

1. The amount of loans granted declined slightly because the capitalization was down in 2010. A repositioning is planned for 2011.

Home microinsurance

Also in line with its desire to meet the financial needs of all individuals, Desjardins has participated in the development of home microinsurance, a product intended for low-income earners. Besides providing insurance coverage, home microinsurance offers access to budget management advisory services from a community consulting agency partner, followed by a loan, enabling the individual to acquire low-cost property insurance, up to a maximum amount of \$15,000.

Since 2008, this product has been offered on an experimental basis in four target neighbourhoods of Trois-Rivières in partnership with the Centre d'intervention budgétaire et sociale (CIBES) de la Mauricie.

Home microinsurance	2010	2009	2008
Number of cases	59	57	32
Amounts loaned	\$11,800	\$ 11,446	\$ 8,620
Repayment rate	96 %	98 %	100 %

Desjardins Microcredit for Businesses

Desjardins Microcredit is a solidarity product aimed at people who are starting a business. This product, offered since 2004, includes a financial education objective for members and is specifically intended for micro-entrepreneurs and self-employed workers who are usually excluded from traditional credit networks. They receive financing as well as close guidance from community credit partners. The average loan amounts fluctuate around \$5,000 and are offered at the prime rate plus 2 to 5%.



The survival rate of businesses after five years is 79%, and the repayment rate is 93%. These excellent results can be attributed to partners in the community who provide guidance to these entrepreneurs. Statistics demonstrate the effectiveness of financial education measures in teaching people how to be entrepreneurs.

Desjardins Microcredit to Businesses	2010	2009	2008
Participating caisses	8 %	5 %	5 %
Financing granted	\$129,500 ²	\$285,526 ²	\$326,055

2. The amount of loans granted declined because the capitalization in circulation was down in 2009 and in 2010. A positioning on the development of this product is planned for 2011, including the capitalization component. The financing that was granted to the businesses made it possible to create or to preserve 31 jobs.

CRÉAVENIR

Offered since 2007, CRÉAVENIR is a solidarity product aimed at young entrepreneurs between the ages of 18 and 25. This product was designed to complete the range of financing products already offered by other community partners. It applies to capital stock companies as well as to cooperatives. The financing offered combines grants and loans. The arrangements are designed to simplify the application process – for example, the downpayment or guarantees that are usually required by other lenders are waived. In addition, young entrepreneurs can take the financial aid granted by the program and present it as their downpayment within the business plan. Furthermore, to maximize the chances of success at the outset, no repayment is required during the first year.

The repayment rate of this product – 96% – is extremely impressive. It is attributable to the financial education initiatives that are carried out concurrently with the young entrepreneurs by the community partners. The average amount granted by this program is \$11,952, and the recipients generally have five years in which to pay it back.

In 2010, the CRÉAVENIR program awarded \$717,723 in grants and loans for 60 projects.

CRÉAVENIR	2010	2009	2008
Participating caisses	19 %	21 %	14 %
Amount of loans	\$527,750	\$497,025	\$160,156
Amount of grants	\$189,973	\$174,821	\$55,350



“FOCUSING ON SUSTAINABLE DEVELOPMENT MEANS AIMING FOR A BALANCE BETWEEN ECONOMIC AND SOCIAL FACTORS AND RESPECT FOR THE ENVIRONMENT.”

SOCIAL AND ENVIRONMENTAL PRODUCTS AND SERVICES

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.

Performance of socially responsible funds	2010	2009	2008
Desjardins Environment Fund			
Monetary value	\$ 200.92 M	\$ 149.86 M	\$ 91.77 M
Number of unitholders	21,841	19,935	19,336
SocieTerra Funds – Secure Market Portfolio			
Monetary value	\$ 44.48 M	\$ 12.36 M	
Number of unitholders	3,640	1,178	-
SocieTerra Funds – Balanced Portfolio			
Monetary value	\$ 116.30 M	\$ 34.58 M	
Number of unitholders	10,114	3,300	-
SocieTerra Funds – Growth Portfolio			
Monetary value	\$ 101.45 M	\$ 45.64 M	
Number of unitholders	8,242	5,043	-
SocieTerra Funds – Growth Plus Portfolio			
Monetary value	\$ 42.61 M	\$ 16.67 M	
Number of unitholders	3,010	1,265	-
Total monetary value	\$ 505.76 M	\$ 259.11 M	
Total number of unitholders	46,847	30,721	-

SRI funds outstanding represent 3.85% of the total assets of Desjardins Funds.
The target objective was 3.3%.

SRI funds outstanding (in millions of \$)	2010
Desjardins Environment Fund	200.92
SocieTerra Portfolios	304.84
Desjardins Funds	13,153.6
Proportion outstanding compared to all Desjardins Funds	3.85 %



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

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 through an ESG evaluation. The Desjardins Environment Fund uses tailor-made research and complies with the Desjardins Funds environmental assessment policy. This research is presented to the members of the Desjardins Funds environmental advisory group. This group, consisting of independent experts, issues recommendations regarding companies' acceptability in terms of environmental considerations, which helps to narrow the field of investment, and also evaluates them according to financial criteria (inclusion and exclusion screens). The SocieTerra Portfolios consist of the Desjardins Fund and of certain Ethical Funds, for which an ESG evaluation is carried out.
- Influencing from within through shareholder engagement. (See the "Voting Rights Policy" section below.)
- Working with other responsible investors in national and international organizations to promote SRI.

The Desjardins Group Pension Plan (DGPP) also adopted a socially responsible investment policy in 2009. To implement that policy, in 2010, the DGPP has:

- Updated its acquisition process to include selection criteria based on ESG factors;
- Made its partners aware of the importance of including ESG factors when selecting their stocks and investments.

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 and Desjardins Private Management 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 and with a policy for Desjardins Private Management. These policies reflect Desjardins Group's values and its commitment to sustainable development, while preserving the long-term interests of investors. They also discuss 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.



For the Desjardins Environment Fund, nine companies were targeted in 2010, representing over 30% of the fund outstanding. For the SocieTerra portfolios (including the Ethical Funds and the Desjardins Environment Fund), discussions were held with 42 companies.

As far as the management of the Desjardins Group Pension Plan is concerned, the voting rights are currently delegated to each of the Plan's portfolio managers. However, the Desjardins Group Pension Committee approves their voting rights policy. This policy must meet the Plan's criteria, which are based on the environmental, social and governance factors of the socially responsible investment policy. The Committee can always intervene and exercise the voting rights directly, if it deems it appropriate, in certain matters that involve important issues relating to governance or to social values that are important to Desjardins. All managers must produce an annual report explaining how they exercised their voting rights and submit it to the Desjardins Group Pension Plan.

The voting rights policy that applies to the assets of the Desjardins Fund and of Desjardins Private Management may be viewed at the following addresses:

fondsdesjardins.com/en/information/droit_vote_en.pdf

gestionpriveedesjardins.com/en/gestion/droit_vote_gpd_en.pdf

Global Equity Guaranteed investment: to fight climate change

Launched in June 2006, the Global Equity Guaranteed Investment 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 but support climate change initiatives. For example, for a business to be selected, it might focus on one of the following:

- 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 fuel-consumption vehicles
- Committing to reducing the company's environmental impact

Global equity guaranteed investment ³	2010	2009	2008
Monetary value	\$ 82 M	\$ 36 M	–
Number of unitholders	16,039	6,241	–

3. Global Equity Guaranteed Investment invests in companies that are well positioned with respect to the various impacts of climate change.



Green insurance products

Since January 2006, Desjardins General Insurance Group (DGIG) has offered a discount of up to 15% for hybrid automobiles. Since August 2010, a 10% discount on premiums has been granted for low fuel-consumption cars on the Québec market. The number of hybrid vehicles has soared by more than 121% from 2007 to 2010.

As for LEED-certified homes and businesses, their owners are also entitled to a 10% discount on their premiums. Desjardins is watching this segment closely to determine how it can best support this emerging market and encourage it to grow in the long term.

Green insurance products ⁴	2010	2009	2008
Number of hybrid vehicles insured with premium reduction	3,702	2,821	2,563
Value of premiums for hybrid vehicles	\$ 3,298,426	\$ 2,464,627	\$ 2,213,143
Number of LEED-certified buildings insured with premium reduction	6	7	3
Value of premiums for LEED-certified buildings	\$ 2,775	\$ 4,037	\$ 1,574

4. Since February 2011, DGIG has been offering a 20% discount on premiums for electric automobiles; an announcement is planned for 2012.

Energy-efficiency loan

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 companies' liquidities. 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. In 2010, the program was updated to expand the pool of companies able to take advantage of this loan. Québec and Ontario companies that receive financial support from energy distributors Gaz Métro, Gazifère, Enbridge Gas Distribution and Hydro-One can now benefit from the Desjardins Energy-Efficiency Loan.

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 of the loan, Desjardins acquires carbon offset credits equivalent to 0.5% of the balance of the energy-efficiency loan, up to a maximum of \$7,500, on the company's behalf. The offering 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 addition, Desjardins also posts the David Suzuki Foundation's "Doing Business in a New Climate" guide on its desjardins.com site, thanks to its collaborative relationship. This guide offers businesses resources and advice on the key elements of a greenhouse gas management program.

Desjardins is innovating by introducing this product in anticipation of its business members' needs. The sales results are evidence of the awareness efforts that are required to encourage businesses to get on board with energy efficiency, be it for financial reasons (savings) or environmental reasons (reduction of greenhouse gas emissions).



Capital régional et coopératif Desjardins

Capital régional et coopératif Desjardins (CRCD) is a public fund that allows Québec residents to contribute to the capitalization of cooperatives and to the development of the province's resource-rich regions while obtaining a good return on their investment. As at December 31, 2010, the fund had 111,476 shareholders and share capital of nearly \$1,026 million. Although it does not belong to Desjardins Group, the fund is supported by the caisse network, which distributes it under more favourable conditions than it would take for CRCD to set up its own distribution network.

VISA Desjardins Affinity cards

Desjardins offers a line of VISA Desjardins credit cards that enable cardholders to support, through their purchases, organizations with a social or environmental vocation, such as OXFAM-Québec or the Fondation de la faune du Québec. Desjardins Card Services undertakes to make a contribution to the organization in question based on a percentage of the purchases charged to the card. In some cases, an annual donation to the organization is also deducted from the card. For a complete list of VISA Desjardins Affinity cards, visit desjardins.com/cartes_affinite.

Bonusdollars

Since 2009, BONUSDOLLARS have had a social vocation. Besides offering a rewards program, they enable VISA Desjardins cardholders to contribute to causes that are important to them, such as the non-profit organizations Équiterre and the David Suzuki Foundation.

VISA cardholders who choose the BONUSDOLLARS option can also participate actively in the fight against climate change by exchanging their BONUSDOLLARS for carbon offset credits. These credits are issued by the Planetair organization; they enable anyone to help fund projects designed to replace polluting technologies with clean, renewable energy.



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. In 2010, new features were added to give self-employed workers who become disabled greater resources for meeting their obligations.

Critical illness insurance

Desjardins now offers caisse members critical illness coverage for up to 33 illnesses and surgical procedures. This coverage 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 attentiveness and assistance to 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 a unique product that provides insured individuals with a lump-sum payment at the time of an initial cancer diagnosis. In addition, Desjardins Financial Security has 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 has been simplified to make it even more accessible.



2.4 MEMBER AND CLIENT SATISFACTION

Overall satisfaction

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

In 2010, the mechanism for measuring member satisfaction was changed; it now takes the form of a survey administered after a service is provided. According to this new methodology, data are collected three times annually, and reports are produced for each caisse or business centre, which can use them to develop improvement plans. Areas of good performance and opportunities for improvement are determined for the network as a whole. The conclusions of the reports will then be taken into account in general action plans for the organization, and the results will be used to set annual satisfaction targets and to measure performance.

Overall satisfaction of caisse network members

(as a % of “very satisfied” and “somewhat satisfied” members)



5. As the methodology was new in 2010, the data are not comparable to previous years.

The Wealth Management and Life and Health Insurance sector conducts four different client satisfaction surveys among members and clients each year. For example, the Desjardins Financial Security (DFS) survey measures client

**“AN EXCELLENT MEMBER AND CLIENT EXPERIENCE
IS OUR RAISON D’ÊTRE AND THE MAIN CRITERION
BEHIND ALL OUR DECISIONS.”**



satisfaction with respect to insurance products, the buying process, administration, benefits, product renewal and service quality.

For the second year in a row, Disnat received the highest satisfaction rating among discount brokerage firms in Canada¹, according to a study conducted among 2,835 investors in 2010 by J.D. Power and Associates. The purpose of the study was to measure investor satisfaction based on six key factors: interaction, account and statement information, trading charges and fees, products offered, information resources and problem resolution.

The overall satisfaction rate of Desjardins General Insurance Group avant (DGIG) clients is 94%. This percentage comprises the evaluations provided by insureds who gave a score of 7, 8, 9 or 10 out of 10 to their customer service and their sales and claims services. The proportion of clients who gave a score of 9 or 10 is 72%.

Client satisfaction (as a %) ⁶	2010	2009	2008
Desjardins Financial Security clients	49.4	49.4	50.7
Desjardins investment fund ⁷ clients	–	46	–
Desjardins Private Management clients	43	46	36
Desjardins Securities ⁸ clients	–	79	–
DGIG clients who gave a score of 9 or 10 out of 10	72 %	70 %	70 %

6. This table only shows the percentage of “very satisfied” members. Since the surveys measure various aspects of satisfaction and are administered by different firms using specific methodologies, these results cannot be compared with each other.

7. The Desjardins investment fund indicator is no longer tracked, which explains why no data are available.

8. The Desjardins Securities indicator is compiled every three years; the next compilation will take place in 2012.

1. Disnat received the highest score among seven brokerage firms in the 2010 Canadian Discount Brokerage Investor Satisfaction Study (SM) conducted by J.D. Power and Associates. The study is based on 2,835 responses measuring investors' satisfaction and their experience. The results of this study are based on clients' experiences and perceptions during the month of May 2010. Your own experience may differ. Visit jdpower.com.



Satisfaction with the cooperative difference

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

Cooperative difference satisfaction survey results (as a %)	2010	2009	2008
"Somewhat satisfied" and "very satisfied" individual members	86	83	84
"Somewhat satisfied" and "very satisfied" business members	86	88	89



“DESJARDINS HAS BEEN RECONCILING THE ECONOMIC AND SOCIAL ASPECTS OF SUSTAINABLE DEVELOPMENT SINCE ITS ORIGINS IN 1900.”

– Monique F. Leroux



Jennifer Lefort, *Conquer Mound on Orange*, 2010, acrylic and oil on canvas, 140 x 152 cm, Desjardins Art Collection



3. OUR SUPPORT FOR COMMUNITIES



Desjardins caisses have been around for 110 years, guiding individuals and communities through tough times and periods of expansion and growth. Desjardins – Supporting individuals and communities for over a century.

3.1 OUR CONTRIBUTION TO COLLECTIVE PROSPERITY

PARTICIPATING IN LOCAL AND REGIONAL DEVELOPMENT

Through their contributions to their Community Development Fund, members of Desjardins caisses support the socio-economic development of their communities. In a show of solidarity at the caisses' annual general meetings, members elect to give up all or part of their member dividends to replenish this community fund, which is managed by the board of directors in each caisse. This way, members can contribute to development that meets the needs of their communities.

Community development fund (CDF)	2010	2009	2008
Percentage of caisses that have a CDF	95.0 %	93.9 %	87.8 %
CDF balance at the end of the year	\$92.2 M	\$89.2 M	\$86.6 M
Amounts paid into the CDFs during the year	\$28.8 M	\$25.5 M	\$38.6 M
Amounts paid to support initiatives	\$25.8 M	\$22.8 M	\$27.3 M

Desjardins also contributes to communities through partnerships that foster sustainable land development. For example, it took part in a workgroup as part of the *Politique nationale de la ruralité 2007-2014* to study the multi-functionality of rural land. It also co-signed the *Déclaration de Shawinigan*, "*Pour un Québec fort de ses communautés*," (For a Québec Strengthened by its Communities) that was submitted to the Québec government in April 2010 by *Solidarité rurale du Québec*.

CAISSE INVOLVEMENT

Caisses contribute to the development of the regions they serve by providing direct jobs, supporting local savings and providing – through their related business centres – a decentralized and specialized offering of financial services that is tailored to meet the local needs of small to mid-sized businesses.

In addition, for the past ten years, local caisses have encouraged students to form youth *Coopératives jeunesse de service* in their regions. These co-ops are formed by groups of 12 to 15 high school students who have created their own jobs in their communities by offering a variety of services (painting, babysitting, mowing lawns, etc.). The students who belong to these co-ops adopt a cooperative decision-making structure, delegate the duties and responsibilities that come with managing their own youth cooperative and manage the community services they offer. The young people who take part gain from the practical and intensive training they receive in community entrepreneurship.



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 provides the regions with decision-making power 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 on to help make decisions that will directly affect the future of their cooperatives and regions. The councils 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 adopted a Deconcentration Policy for activities carried out by the FCDQ and the subsidiaries in non-urban regions. The purpose of this policy is in part to ensure that due consideration is given to the possibility of decentralizing activities initially planned for large urban centres.

A fine 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 de gestion de la marque* (Bombardier Chair of Brand Management) at the Université de Sherbrooke in 2007 showed that the Desjardins Group Student Service Centre in the Gaspé had a multiplying effect on the local economy, creating over 35 indirect jobs.

Investment in development capital

Through the use of innovative financial levers, Desjardins offers development capital to entrepreneurs in addition to strategic support. Desjardins encourages companies to create their own value, while helping them accelerate and grow.

Capital régional et coopératif Desjardins (CRCD), a public company managed by **Desjardins Venture Capital (DVC)**, was created ten years ago specifically to support the start-up, growth and innovation of SMEs (small and medium-sized enterprises) across Québec. DVC also provides support to the cooperative sector – in 2010, its investment portfolio included 13 cooperatives.



Aside from the transfers made by the business centres, in 2010, CRCD oversaw 19 business transfers, bringing the total number of transfers to 102 since 2005. Since the ownership of over half of Québec's SMEs is slated to be transferred sometime in the next 10 years, business transfers are a top priority for Desjardins and a major economic issue for Québec. Through its investments, CRCD has contributed to keeping businesses alive and saving the jobs they have created in the regions where these businesses were founded. These transactions – which bridge the gap between two generations of entrepreneurs – allow company founders to retire knowing that their assets are secure and their businesses are in the hands of a reliable and talented management team that otherwise would not have had the financial means to take up the torch.

Desjardins Group's development capital investment activities generate a number of positive economic spinoffs in the regions where its partner companies do business. 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 outlying regions. Today, Desjardins Group's contribution to Québec's entrepreneurial environment, in terms of development capital, translates into support for 315 companies, meaning that more than 38,000 jobs have been created and maintained.

Desjardins venture capital (in millions of \$)	2010	2009	2008
Venture capital assets invested in non-urban regions	673.9	589	526
Assets invested in cooperatives or other companies located in resource regions	254.8	123	122
By sector			
Social enterprises	0.0	0.5	2.1
Environment management	0.6	4.8	2.7
Renewable energy	0.4	10.7	11



Fonds coopératif d'aide à la relève agricole

CRCO, the public company managed by Desjardins Venture Capital, acts as a partner and contributor 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*. Through this association, Desjardins Group has made it its objective to pass along its cooperative values, invest in young people and support the survival and prosperity of agri-businesses.

This fund was created as a support initiative for an industry where 62% of young workers, who wish to become farmers, struggle with funding issues. This 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 Entrepreneur Prizes

Desjardins Group recognizes that the strength of the economy depends in large part on the financial health of local businesses. 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 nine categories, including awards for cooperatives and sustainable development.

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 a Desjardins Entrepreneur Prize, companies must show sound financial performance and contribute to the well-being of their communities while managing the effects of their business on the environment, in the spirit of sustainable development. In 2010, eight companies were awarded this prize.



ECONOMIC SPINOFFS

Through its day-to-day operations, Desjardins Group creates economic spinoffs and generates wealth in all the areas it serves, in the outlying regions and in urban centres alike. 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 stemming from 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 \$)	2010	2009	2008
Direct and indirect taxes	760	703	690
Salaries paid	2,182	2,113	1,911
Employee benefits	434	310	339
Purchase of goods and services ¹	1,156	1,112	1,101

1. These data exclude local expenses of the caisse network, federal, provincial and municipal taxes and income taxes, inter-component expenses and trust accounts.

OUR CHALLENGE FOR 2011 WITH RESPECT TO COLLECTIVE PROSPERITY

The survival of a caisse and the community it serves are intertwined. Just like buying locally supports jobs in the community, members who use the products and services offered by their local caisse are contributing to their community's shared wealth. Our challenge is to raise awareness among members about the impact they can have on the sustainable prosperity of their communities by using their caisse's products and services. In 2011, a new indicator will be used to measure the level to which members use their caisse's services.



3.2 COMMUNITY INVOLVEMENT

Desjardins Group has identified “educating people, particularly members, officers and employees, about democracy, economics, solidarity, and individual and collective responsibility” as a catalyst toward fulfilling its mission. In addition to awarding numerous sponsorships and donations in communities across Canada – part of which are earmarked toward sustainable development initiatives – Desjardins also focuses on developing its members’ knowledge, awareness and commitment to economic, social and environmental challenges.

EDUCATION: ALWAYS AT THE HEART OF DESJARDINS GROUP’S MISSION

Since financial education has become a major social issue, Desjardins welcomed the national strategy to improve the financial literacy of Canadians. In fact, consumers’ high debt levels and their weak propensity to save are just two reasons why Desjardins decided to ramp up its many educational initiatives, especially when it comes to financial education. Desjardins believes that people could make better choices about their savings and investments – and even avoid fraud – if they had a better understanding of financial matters. When it comes to financial education, Desjardins has always opted for an approach that combines training, practice and support, a process that has led to many concrete initiatives across all business sectors.

FINANCIAL EDUCATION AND YOUNG PEOPLE

School and Student Caisse

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, the founder of Desjardins Group.

School caisse	2010	2009	2008
Percentage of caisses offering the School Caisse program ²	77%	77%	79%
Schools that benefit from the School Caisse program ³	1,075 ³	1,075	1,200
Total value of youth dividends paid to School Caisse members (youth aged from 5 to 14)	\$337,904	\$349,201	\$337,779

2. Data based on a voluntary survey of caisses. This survey was not conducted in 2010.

3. The School Caisse program exists in 46% of the 2,351 schools in Québec and Ontario.

1. OCDE, *Improving Financial Literacy: Analysis of Issues and Policies*, 2006.



Desjardins also enjoys 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.

Lastly, in a partnership agreement with the *Réseau intercollégial des activités socioculturelles du Québec*, Desjardins has a foothold in 59 French-language colleges. Caisses have been taking part in activities coordinated by RIASQ for the past 12 years. The success Desjardins has achieved in its efforts to educate young people about saving money is largely due to the collaboration with the educational community, which helps keep the tradition alive.

Desjardins NaturLogic Contest

The School Caisse program also promotes the value of cooperation in some elementary schools, which includes self-help, self-responsibility, democracy, equality, equity and solidarity. To create a lasting sense of belonging among elementary students to their school and community, the School Caisse program gives students the means to put the value of cooperation into practice and see the end results their collective efforts have on their school. This is exactly the type of challenge Desjardins had in mind when it launched the NaturLogic contest, which has been held since the fall of 2004.

École de l'argent

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

Young Intern Officer Program

Desjardins has created an internship program with caisse boards of directors and boards of supervision. Through this program, each year more than 200 young people, aged 18 to 30, learn about business management, 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.



FINANCIAL EDUCATION ON FINANCIAL PRODUCTS AND SERVICES

Desjardins offers several financial products and services that have an educational component. These include: the *Fonds d'entraide Desjardins*, CRÉAVENIR and Desjardins Microcredit to Business, which are discussed on pages 37 to 39 (2.2 “Accessibility of services”).

For VISA Desjardins products, a series of measures have been embedded into the FOR STUDENTS ONLY credit card, designed for students aged 18 to 25 years, to educate young adults and limit their capacity to get into debt. These include setting a realistic credit limit (\$300), providing them with information on managing credit properly, and sending them e-mail alerts three days before payment is due to remind them to pay off their balance before the due date to avoid paying interest. Cardholders who consistently ask for increased credit limits are also made aware of the negative effects their behaviour can have on their credit history.

In addition, preventive efforts are made for VISA Desjardins cardholders whose account activities seem to point to financial problems or risks of fraud due to payments made using NSF cheques. Part of the communications procedure involves educating clients about sound credit practices and helping them to better manage their personal finances.

In 2010, Desjardins General Insurance Group adopted a consumer education action plan on property and casualty insurance that will be rolled out in 2011 and 2012. This plan will reinforce and channel the many initiatives that target education, raising awareness and prevention in the area of property and casualty insurance.

PUBLICATIONS FOR MEMBERS, NON-MEMBERS, CLIENTS AND EMPLOYEES

To help Canadians improve their savings and investment habits and make more informed decisions about debt and borrowing, Desjardins has been publishing educational and informative magazines tailored to the interests of its different clienteles for nearly 50 years now. 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: 18,000)
- *Desjardins Entreprises* for small, medium and large business clients (circulation: 45,000)
- *Desjardins and Me / Espace D* (circulation: 250,000) discuss personal finance – in order to reduce paper consumption, since 2010 this magazine has been offered in electronic format



Desjardins caisses also distributed to their members free of charge an educational document published by *Option consommateurs*, a non-profit organization whose mission is to promote and defend consumer rights and interests. This document addresses mortgage financing.

Educational tools offered through Desjardins Web sites and other media

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

The Desjardins Group Web site, 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 blog for 18-to-30-year-olds and another for people over 30 about topics of interest to them
- 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

In the Wealth Management and Life and Health Insurance sector, the fondsdesjardins.com Web site has been completely redesigned. Investors can find answers to most of their questions, read content in clear, easy-to-understand language, and find calculators, educational capsules and articles that raise awareness on subjects related to financial education.

Disnat supports investment learning through the Knowledge Centre on its Web site. This site contains a full library of continually updated information capsules covering the basic concepts behind equities, mutual funds, options, fixed-income securities, and retirement planning, along with financial calculators and a glossary. Independent investors can sign up to receive the *Disnat Bulletin*, a financial quarterly that provides insightful analysis of the financial markets.

Desjardins Financial Security (DFS) also offers educational tools to subscribers, such as the ActiLife newsletter that provides information on a variety of important topics, including retirement preparation and health matters. *Mieux comprendre*, a series of documents for group insurance subscribers, offers explanations on the different aspects of group insurance plans. "Your way, plain and simple" is an educational and communication program that allows group pension plan members to play an active role in planning their retirement and managing their savings. This program earned DFS the top spot from Dalbar in the Optimal Trends and Practices Report for their defined contribution pension plan statements. DFS also offers an online health and retirement information centre for group insurance and retirement savings participants and members, as well as the general public.

Desjardins Group's property and casualty insurer, Desjardins General Insurance Group, 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, articles and a glossary found at desjardinsassurancesgenerales.com.



2011 EDUCATIONAL OUTLOOK

COOPME – Desjardins Group educational and cooperative program

Desjardins has chosen to focus on education and cooperation, two driving forces of sustainable prosperity for individuals and communities alike. Desjardins Group's ongoing commitment to education and cooperation will be bolstered with the 2011 launch of the COOPME program, which will allow Desjardins Group to step up its financial education efforts. Desjardins believes that responsible money management is crucial to achieving greater personal financial independence and entrepreneurial success.

In addition to the financial education component, the COOPME program will also include a number of initiatives related to general, civic, democratic and cooperative education.

**“OUR COOPERATIVE VALUES ARE CENTRAL
TO EVERYTHING WE DO. THEY SHAPE OUR
SHARED VISION OF THE FUTURE.”**

CULTURE AND GIVING BACK TO THE COMMUNITY

Arts and culture

The Desjardins Group Art Collection was created in 1978, and now includes close to 2,600 works. The collection, which comprises mostly paintings and prints, as well as sculptures, photographs and drawings from more than 700 different artists, is one of the largest corporate collections held in Québec. These works are exhibited in different Desjardins offices in Lévis, Montréal and Toronto and provide a touch of humanity and beauty to the office space while raising employee awareness about the world of art.

Each year, this collection is enriched through new acquisitions representing major trends in modern and contemporary art in Québec and Canada. These acquisitions, many by distinguished artists well into their careers or by young people who are crafting a new generation of art, confirm the support Desjardins Group provides to artists and the visual arts. Through its acquisition program and by showcasing its artwork, the Desjardins Art Collection contributes to the vitality of today's visual arts and to maintaining our shared artistic heritage.



Historical heritage: 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. Out of pride for their history, the Desjardins Group management 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 general public. It accomplishes this through its programs designed 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. Lastly, 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 Desjardins, its roots and its cooperative vision. Each year, SHAD updates its educational programs on cooperation and history for elementary students who visit the museum on field trips.

Sponsorships and donations

Granting sponsorships and donations is one of the means by which Desjardins makes a tangible contribution to the community. Desjardins caisses and components, naturally in tune with the needs of their members and local organizations, contributed a total of more than \$79.6 million to community organizations in 2010, of which \$57.6 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 intended 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 and environmental activities or activities that emphasize sound lifestyle habits and entrepreneurship. With respect to its major donations, the areas given top priority 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 its insurance subsidiaries. In Ontario, for example, the Fonds Thomas-Blais was created as a tribute to Mr. Blais, president of the Ontario Council of Representatives and former president of the Fédération des caisses populaires de l'Ontario. This fund supports projects in Ontario that have a high potential for positive impacts on the community.



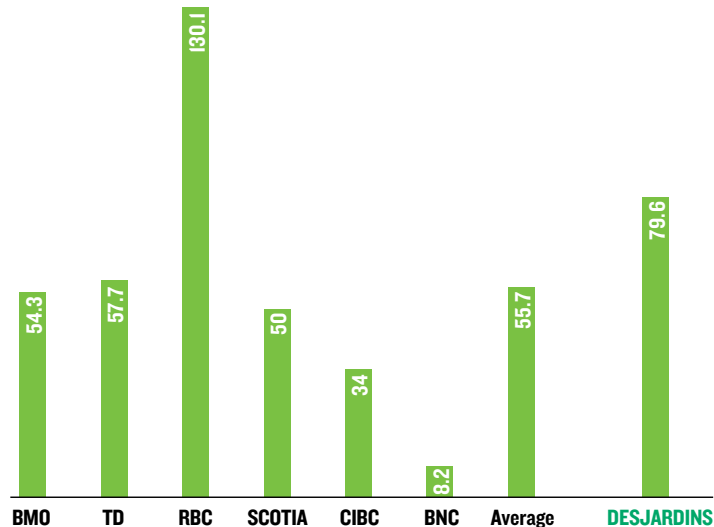
In addition, having observed a major shortage of workers in the construction trades, Desjardins Group and the Desjardins caisse network in Ontario contributed to establishing the *Centre des métiers* at *La Cité collégiale*. The Centre is located on *Campus Alphonse-Desjardins* in Ottawa, and has been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

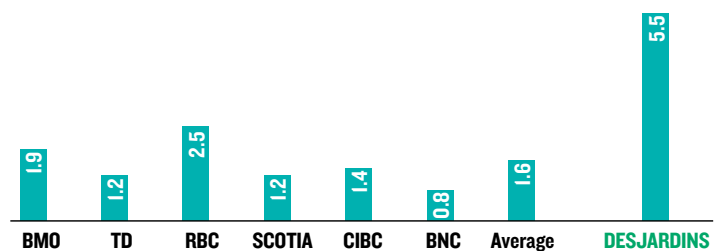
Sponsorships and donations by sector ⁴ (in millions of \$)	2010	2009	2008
Arts and culture	8.5	7.8	10.4
Regional economic development	19.5	17.9	17.9
Education	11.6	10.6	10.7
Mutual assistance and solidarity	6.5	5.6	9.1
Health and well-being	22.0	19.6	21.9
Sports and recreation	10.4	10.0	8.7
Environment	1.1	0.8	1.4
Total	79.6	72.3	80.1

4. Includes scholarships and bursaries granted by Fondation Desjardins.

Amounts paid for donations and sponsorships by major financial institutions in Canada (in millions of \$)



Percentage of surplus earnings (profits) paid by major financial institutions in Canada (as a percentage of net earnings)



In 2010, Desjardins Group sponsored many initiatives to increase the financial knowledge of its different clienteles:

- *Research Chair for Entrepreneurship and Innovation – Université Laval*: This chair was created to meet the particular needs of future entrepreneurs in terms of training and support. It will provide the means to reflect on the knowledge and the different approaches needed to tackle the new entrepreneurial reality.
- *Rencontre Entrepreneuriat jeunesse, 11th Edition*: This meeting was designed to allow participants who work alongside new entrepreneurs to attend workshops and conferences on new and emerging practices for business start-ups, succession, financing, the human dimension, and legal and tax issues.
- *Partnership with the Union des consommateurs*: Desjardins contributed to the project entitled *Vers une formation et une reconnaissance des conseillers budgétaires* (Training and Recognition for Budget Consultants). The purpose of this project is to improve the quality of actions taken to assist Québec's population.
- *Funding for McGill University to create the Alphonse Desjardins Trading Room*: Desjardins Group and McGill University have joined forces to build a new Business Intelligence Centre at the Desautels Faculty of Management. This initiative was made possible by a \$1-million donation from Desjardins Group to stimulate and promote education and innovation, and to train the next generation of business leaders. The state-of-the-art Alphonse Desjardins Trading Room will be a highly sophisticated learning facility that uses cutting-edge technology. Students will benefit from access to real-time news and financial data transmitted to each of the 30 multi-screened workstations, in addition to other industry-based tools. The partnership forged between Desjardins and McGill calls for other programs and projects to be developed, such as a paid mentoring program on cooperation, a tour of the trading room at Desjardins Securities, meetings and exchanges with specialists in securities and private management, conferences on finance and management and student scholarships.
- *Centres de formation en entreprise et en récupération*: Believing that all citizens can actively contribute to developing a sustainable society, Desjardins Group financially supports the *Centres de formation en entreprise et en récupération* (CFER) training centres. Desjardins Group has been supporting CFERs since 2004 and has been active in supporting the *Caravane du développement durable* (Sustainable Development Caravan), whose mission is to raise awareness about sustainable development. Designed as a mobile information kiosk, the caravan provides CFER students with an opportunity to develop positive attitudes by manning the kiosk and sharing their knowledge. More than 400 presentations are made each year. In 2010, Desjardins Group's support contributed to creating a CFER in the Vallée-de-la-Gatineau in Maniwaki, which specializes in recycling and repurposing wood, school furniture and laminating photographs and posters.

“EDUCATION IS CRUCIAL TO ATTAINING SUSTAINABLE PROSPERITY”.



OPERATION RED NOSE

OPERATION RED NOSE: A SOCIALLY RESPONSIBLE PARTNERSHIP

2010 marked the 26th anniversary of the partnership between Desjardins General Insurance (DGI) and 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, DGI, along with Desjardins Group, has donated almost \$3.5 million to Operation Red Nose, in addition to providing insurance coverage for its offices and equipment and the cars used by its volunteers, clients and organizers.

In addition, DGI convinced other automobile underwriters to give special treatment to their policyholders who volunteer for Operation Red Nose. If an Operation Red Nose volunteer is involved in an accident with his or her vehicle insured by Desjardins or another automobile insurance underwriter, regardless of whether the volunteer is at fault, the incident will not be considered an aggravating factor on the volunteer's record and will have no impact on the volunteer's policy premium. This measure, originally adopted by DGI in 2009, was adopted by other underwriters in 2010.

Supporting higher education and entrepreneurship for 40 years

In 2010, Fondation Desjardins celebrated its 40th anniversary, and many events were organized to mark this milestone, including bursaries awarded to highlight the first ever *Rendez-vous du Savoir*. Since it was founded, Fondation Desjardins has distributed more than \$12 million to approximately 9,300 young people.

The Fondation undertook an extensive reflection process in order to become a powerful catalyst and major player in supporting young people's plans to pursue their education. This new momentum is in perfect alignment with Desjardins Group's position on education and cooperation.

Fondation Desjardins grants more university scholarships than any other private foundation in Québec. In addition to retooling its programs, the Fondation has embarked on a new program to award three scholarships of \$5,000 each as part of its *Desjardins Rêve olympique* program to encourage athletes who want to stay in school while training to achieve athletic excellence in high-level sports.

Fondation Desjardins recognizes ambition 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 fact, the Fondation recently presented a young entrepreneur with a \$10,000 scholarship for his participation in the new *École d'Entrepreneurship de Beauce*.

Furthermore, the Fondation acts as an advisor for caisses that wish to offer their own scholarship and bursary programs. Each year it compiles a record of the scholarships granted. All told, in 2010 the caisses and the Fondation have distributed \$1.7 million to support 2,300 students.



Scholarships, bursaries and awards granted by Fondation Desjardins ⁵ (in \$)	2010	2009	2008
University scholarships	539,700	507,500	431,700
Scholarships and bursaries to support non-university training	69,856	92,500	71,680
Scholarships and bursaries to support the cooperative spirit	63,444	49,700	35,700
Awards recognizing volunteer work	35,000	35,000	33,500
Awards supporting entrepreneurship (including sustainable development)	40,000	30,000	70,000
Total number of scholarships, bursaries and awards granted	315	323	315
Total value of scholarships, bursaries and awards granted	748,000	714,700	642,580

5. These data do not include scholarship programs offered by the caisses, the FCDQ or subsidiaries.

Encouraging youth to stay in school

By supporting the Québec Entrepreneurship Contest, Desjardins Group is proud to encourage young people to stay in school and be part of an emerging and sound entrepreneurial culture taking hold among Québec's youth, while supporting the rise of tomorrow's innovators. This event is true to Desjardins Group's mission and values. The caisse network is also involved in providing financial support for a variety of initiatives designed to motivate young people to stay in school, by fostering joint actions with the schools themselves or with 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 where their ability to stay in school is compromised. Whether it is by acquiring new teaching tools, hiring specialized staff, organizing motivational activities for youth or offering scholarships, the support offered by Desjardins caisses to their communities provides young people with the right conditions for a brighter future.

Adopt-a-School

A few years ago, Desjardins Asset Management, in a joint project with the YMCA, set up the Adopt-a-School Program to motivate young people to stay in school through a host of initiatives. This partnership continued in 2010, targeting students at the elementary level in disadvantaged areas.



MUTUAL ASSISTANCE CAMPAIGNS

In 2010, Desjardins employees rallied, demonstrating solidarity and generosity by showing support for humanitarian causes.

Earthquake in Haiti

A total of \$1,027,700 was collected through fundraising efforts for the reconstruction in Haiti following the devastating earthquake. This campaign got off the ground through the efforts of at least one volunteer per caisse and another in each network business centre. In total, 15% of Desjardins Group employees helped support the cause.

Centraide/United Way

For the past few years, 15% of Desjardins Group volunteers have collected donations from employees to the tune of \$2,500,000 each year. These volunteers are supported by a group of seven retirees who receive compensation for their efforts for a period of 16 weeks.

Red Cross

Each year, employees in the property and casualty insurance sector organize a fund drive for the Red Cross.

Business volunteers

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

Aid fund

DGI introduced the Desjardins Aid Fund, which helps DGI policyholders and Desjardins members who find themselves in precarious financial positions following a disaster not covered by their insurance policy. An annual budget of 1% of DGI's net income, up to \$1 million, has been allocated to the fund. In 2010, several Desjardins member families benefited from this assistance.

OUR CHALLENGE FOR 2011 WITH RESPECT TO COMMUNITY INVOLVEMENT

Develop and deploy innovative and measurable initiatives that target financial education to achieve Desjardins Group's strategic objective: to be Canada's financial education leader.

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

Annual financial support for the cooperative movement ⁶ (in \$)	2010	2009	2008
<i>Conseil québécois de la coopération et de la mutualité</i>	745,702	633,168	783,360
<i>Conseil de la coopération de l'Ontario</i>	23,983	23,983	21,817
<i>Conseil canadien de la coopération et de la mutualité</i>	95,298	15,000	15,000
International Co-operative Banking Association	73,747	77,216	69,273
International Cooperative and Mutual Insurance Federation (ICMIF)	79,661	65,000	62,184
International Cooperative and Mutual Insurance Federation/ Regional Association for the Americas (ICMIF regional chapter)	41,802	40,746	43,521
International Confederation of Popular Banks	36,972	38,971	43,885
European Association of Co-operative Banks	45,602	42,449	–
International Co-operative Alliance	– ⁷	–	7,215
Total	\$1,157,767	\$ 936,533	\$1,046,255

6. 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.

7. Does not apply for 2010 or 2009 as the new subscription formula that came into effect includes International Co-operative Alliance dues.



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 helps strengthen the cooperative economic model by sharing its know-how with hundreds of foreign visitors from around the world who are interested in the cooperative model.

To support economic development in Québec's outlying regions, promote diversification and the emergence of cooperatives in new sectors of activity, Desjardins has provided financial contributions to develop cooperatives as part of the partnership agreement between the *Ministère du Développement économique, de l'Innovation et de l'Exportation* and the *Conseil québécois de la coopération et de la mutualité*. Between 2007 and 2010, Desjardins provided a total of \$1.2 million to support the organization and set up smaller cooperatives under this agreement. In addition to providing financial backing, Desjardins is also involved in selecting the eligible projects. Bolstered by 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 2010 to 2012, in the amount of \$672,000.

OUR CHALLENGE FOR 2011 TO SUPPORT THE COOPERATIVE MOVEMENT

Joining forces to increase the profile and development of cooperatives across Canada and abroad, and to advance the cooperative model as a powerful tool in providing communities with sustainable prosperity.

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 wholeheartedly supported by Desjardins.

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*.

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 at all teaching levels. 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. As a result, 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).



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 communities and their financial cooperatives. To this end, Desjardins took part in creating and setting up the *École des jeunes créateurs de coopératives* (ÉJCC). This school offers young people between the ages of 18 and 35 two weeks of training on how to get a cooperative off the ground.

The ÉJCC provides young people with a unique opportunity to develop their expertise and interpersonal skills – essential elements in creating and managing cooperatives. It also instils important entrepreneurial values such as autonomy, leadership and accountability in a cooperative environment. The *Caisse d'économie solidaire* provided financial support for the 4th edition of this meaningful initiative in 2010, under the theme “Cooperatives and Sustainable Development.”

SHARING OUR COOPERATIVE KNOW-HOW AROUND THE WORLD

Desjardins Group believes that cooperation is the ideal tool to give the world's poorest populations the means to get organized and find solutions to fulfil their own needs. As a financial cooperative, Desjardins Group's know-how and expertise have long been known and recognized outside Canada.

Through the efforts of its Développement international Desjardins (DID) component, for more than 40 years, Desjardins has been offering technical and investment support services in the microfinance sector in developing and emerging countries. To do so, DID provides assistance to create and consolidate local financial institutions with deep roots in their communities that can offer a range of services best suited to their clients' needs.

Thanks to the support provided by DID, families are able to save money safely and securely, get the services they need and improve their living conditions; people who once lived life on the financial edge can begin to build wealth and entrepreneurs can reinvest in their businesses and create jobs.

Through DID's partner institutions, the Desjardins cooperative model has reached [a record 7.5 million people in developing and emerging countries](#).



DID currently provides support to about 30 community-based finance institutions in almost as many countries. These institutions are spread over four continents, serving over 7.5 million families and entrepreneurs. Below are some of the solid results achieved through DID actions, in addition to the leveraging this type of support provides:

- **EDUCATION:** The vast majority of children in Haiti whose parents received a “crédit écolage” school loan successfully completed their school year. Almost 4,000 school loans have been granted to families in Haiti since this innovative product was introduced.
- **FOOD SECURITY:** For the past two years, the centres financiers aux entrepreneurs (business centres for entrepreneurs) set up in rural areas in Burkina Faso allowed 5,400 farmers to step up their farming activities and diversify the range of produce farmed.
- **INTERCONNECTIVITY:** In Vietnam, members of the People’s Credit Funds network, or Vietnamese caisses, carry out 10,000 “inter-caisse” transactions each month. These transactions allow fund transfers between caisses within the same community.
- **GROWTH:** In Africa, each small business loan granted creates about 1.4 jobs² on average. The seven Centres financiers aux entrepreneurs that DID helped to introduce in different African countries grant more than 200,000 loans a year, and this number is growing.
- **BELONGING:** The members in Haiti are proud of their caisse. Caisses associated with the Fédération Le Levier provide services to more than 375,000 families in Haiti, helping them overcome hardship in the aftermath of the 2010 earthquake.

Considered as an international leader in its field today, DID works with many partners, including the Canadian International Development Agency, the World Bank and the Bill & Melinda Gates Foundation. For more information, go to: did.qc.ca

Contribution to the development of financial cooperatives in emerging countries	2010 ⁸	2009	2008
Number of members or clients of institutions partnering with Développement international Desjardins	7,534,493	7,388,970	6,153,105
Volume of savings for these institutions	\$2,027 M	\$1,860 M	\$1,942 M
Volume of credit granted	\$2,132 M	\$2,022 M	\$2,090 M
Percentage of members or clients who are women	38.1 %	36.1%	36.2%

8. Data as at June 30, 2010. In addition, a few changes were made to 2009 data to take our partners’ audited financial statements into account.

2. According the Social Return on Investment (SROI) Calculator developed by Calvert Foundation (www2.calvertfoundation.org/impact/calculate/index.cgi)



DID employees working internationally					
	2010		2009		2008
Algeria	1	Algeria	1	Algeria	1
Benin	2	Burkina Faso	3	Djibouti	1
Burkina Faso	6	Djibouti	2	Haiti	9
Djibouti	1	Haiti	5	Mali	2
Haiti	5	Mali	1	Mexico	5
Jamaica	2	Mexico	1	Democratic Republic of the Congo	1
Mali	1	Panama	1	Senegal	2
Panama	1	Democratic Republic of the Congo	1	Sri Lanka	1
Senegal	2	Senegal	2	International interns in Mexico	1
Tanzania	2	Sri Lanka	1	International interns in Rwanda	2
Vietnam	2	Tanzania	4	International interns in Tanzania	1
Zambia	4	Vietnam	1	Tanzania	3
		Zambia	3	Vietnam	2
TOTAL	29	TOTAL	26	TOTAL	31

“SUSTAINABLE PROSPERITY MEANS BUILDING ECONOMIC DEVELOPMENT AND WEALTH UPON SOLID AND LASTING FUNDAMENTALS, AND PUTTING PEOPLE AND THE ENVIRONMENT FIRST – TODAY AND FOR FUTURE GENERATIONS.”



3.4 ACTIONS TAKEN TO PROTECT THE ENVIRONMENT

Since 2005, Desjardins Group has been guided in its actions and its decision-making processes by a sustainable development policy that includes a number of guidelines. It also adheres to the principles of the United Nations Environment Programme Statement by Financial Institutions on the Environment and Sustainable Development. To attest to 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 – launched initially within the Group 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 action that forms part of the campaign is published periodically.

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 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 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 management teams in different 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. It began by focusing on its role as a corporate consumer of goods and services, given the significant impact this aspect of its activities has on environmental, social and economic issues (the three spheres of sustainable development). Desjardins therefore leads by example, especially in terms of 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, Desjardins Group's "life cycle" philosophy is embedded not only in its processes and procedures but also in the activities of its procurement agents.

Questions on the social responsibility of its 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 catalogue for Desjardins BONUSDOLLARS (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.

For purchases, caisses have the power to promote local suppliers. For major contracts that call on the services of Desjardins Group's procurement sector (when significant volumes are involved), priority is given to purchasing goods and services locally, when available.

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. To support 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 involves increasing the ratio of employees who consume only fair trade coffee at work.

Environmentally friendly paper

In 2008, Desjardins committed to doing everything necessary to purchase only paper made of 100% post-consumer fibre. This ongoing effort is being tracked when purchases are made, while taking certain constraints and specific needs into account. This tracking helped identify certain situations where it is technically difficult to make the transition to 100% post-consumer paper, and therefore where the goal will be achievable only in the long term. Desjardins purchased recycled paper 71% of the time in 2010, and 100% post-consumer paper 51% of the time.

<i>Paper consumption</i> ⁹	2010	2009	2008
Total used for internal and commercial activities (in tonnes) ¹⁰	4,421	4,323	4,292
Percentage of recycled paper	71 %	78 %	70 %

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

10. The re-introduction of certain internal business activities led to an increase in paper consumption.



RESIDUAL MATERIAL MANAGEMENT

Since 2008, Desjardins has upheld its commitment to RECYC-QUÉBEC to promote the “ICI ON RECYCLE!” recycling program in its components and gradually implement it throughout the organization. In 2010, 44 work locations met the criteria to reach RECYC-QUÉBEC’s Level 2, with eight workplaces achieving Level 3.

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 that 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 to dispose 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 the first three months of 2010, some 172 cell phones were recovered, and 137 of these were recycled. However, due to a change in supplier at Bell Canada, data for the rest of the year are unavailable.

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 planning to holding the event – in order to limit the volume of residual materials and greenhouse gases. Any unavoidable travel by motor vehicle is offset by planting trees or purchasing carbon credits. In 2010, approximately 4,390 people took part in eco-friendly events organized by Desjardins Group.

Moreover, excess food from these events is distributed to community organizations, through a partnership with *La Table des Chefs*. To facilitate planning and communication between the parties involved in redistributing food, *La Table des Chefs* designed a form to be used by the Desjardins events management team and the caisse network. Personal contacts have also been established with the caisse network to promote *La Table des Chefs* services and to encourage caisses to redistribute food whenever they host events.

Eco-friendly event results	2010	2009	2008
Number of eco-friendly events (greenhouse gas and residual materials management components)	6	4	4
Number of events addressing the greenhouse gas component only	12	10	13
Rates for recycling or recovery of residual materials	85.2%	80.3%	85.1% ¹¹
Greenhouse gas emissions offset through the purchase of carbon credits (tonnes of CO ₂ equivalents)	622	490	402
Number of meals redistributed	1,465	1,013	1,060

11. Previously published data were modified as a result of changes to the calculation method.



ENERGY EFFICIENCY

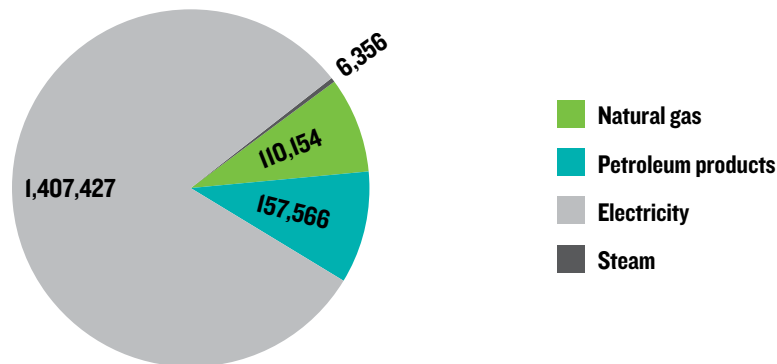
Climate change

By adhering to Québec's commitment to support the Kyoto Protocol, Desjardins is working to promote the fight against climate change. Desjardins has put forth several initiatives to measure and reduce its carbon footprint and educate members and employees about the importance of combating climate change.

Work is currently under way to present Desjardins Group's decision-making bodies with a policy proposal on climate change. This policy will highlight setting a target for the reduction of greenhouse gas emissions. This will be achieved by:

- Implementing energy efficiency programs in its buildings: using eco-friendly lighting, heating and air conditioning systems, using natural energy sources in its construction and renovation projects
- Using renewable and alternative energy sources
- Raising awareness among employees about adopting sound energy efficiency habits in the workplace
- Adopting incentives to encourage carpooling, public transit and car-sharing, walking and biking
- Including energy efficiency and alternative energy criteria in its automobile policy
- Including energy efficiency criteria in the employee travel policy, such as encouraging telecommuting and videoconferences

Energy consumption by source (in gigajoules)



Review of greenhouse gas emissions

The climate impact of Desjardins Group's operations has been reviewed annually since 2007, based on 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.

The decrease in emissions over the past few years is largely due to a reduction in the use of fuel oil and natural gas in Desjardins Group buildings, and to the transition to using recycled paper.

Greenhouse gas (GHG) emissions in tonnes of CO ₂ equivalents ¹²	2010 ¹³	2009	2008
Direct emissions: car fleet, fuel	12,177	13,681	14,161
Indirect emissions: electricity, steam	2,907	2,594	2,916
Indirect emissions: rental vehicles, personal vehicles, air travel, Desjardins shuttle, rented offices (fuel), paper ¹⁴	21,865	21,716	23,065
Total GHG emissions	36,949	37,991	40,142
Emission intensity (tonnes/employee)	0.87	0.91	0.96
Variation in emission intensity vs. 2007 (base year)	-27 %	-24 %	-20 %

12. Data for 2008 and 2009 were restated following certain corrections and updates. Data on paper consumption and business travel in the caisses are based on a voluntary annual survey.

13. Data published in the 2010 Annual Report were corrected due to a calculation modification.

14. Calculated based on the Paper Calculator developed by the Environmental Paper Network.

Energy-efficient building program

In 2007, the Desjardins Group Management Committee assigned its Desjardins Property Management component the task of implementing an energy-efficiency program in its caisse network, the greatest energy consumer at Desjardins Group. As each caisse is an independently managed property, the strategy retained builds on the expertise of its regional stakeholders who provide coaching to the network in building management matters. To date, this groundwork has raised awareness about the importance of instituting efforts to save energy. Desjardins has also signed a partnership agreement with the *Association québécoise pour la maîtrise de l'énergie* and four other major organizations to improve its energy efficiency.



“MY HOME” ECO-FRIENDLY WORKSHOP

Caisse Desjardins de l'Ouest de la Mauricie has a new tool to help its members make the right choices for a greener home. The eco-friendly “My Home” workshop teaches members how to make choices with sustainable development in mind during construction and renovation projects, and answers questions from members who are tackling home projects. It also added a section on eco-friendly measures to its Web site at www.cdom.ca. The Caisse also plans on training its team of mortgage loan advisors on different aspects of sustainable development, especially those that relate to the residential sector. Through these initiatives, the Caisse is striving to reduce the environmental footprint of the homes it finances and, by extension, its own footprint by 25% by 2012.

FIRST PRIZE (REGION 2) IN THE EXISTING COMMERCIAL BUILDING CATEGORY

For the 2010 edition of the ASHRAE Technology Awards, Complexe Desjardins and Pageau Morel, its engineering firm, were awarded the top prize for Region 2 (Eastern Canada – Québec, Ontario and the Maritimes) in the Existing Commercial Buildings category. This award was given in recognition of the efforts made to upgrade building equipment to ensure energy efficiency.

LEED-CI GOLD CERTIFICATION

Desjardins Securities received LEED-CI Gold certification for the construction of its new offices in Montréal's Le Windsor building. This internationally recognized award is a great distinction that highlights the design, construction and operation of sustainable buildings.

Automobile policy for management

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 the fuel consumption of Desjardins Group's 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 funds generated by the penalties will be used to purchase carbon credits to offset greenhouse gas emissions.



In order to make officers, employees, members and clients aware of things they can do to reduce the environmental impact of driving cars, Desjardins has distributed a checklist that outlines various steps that can be taken to significantly reduce the pollution caused by motor vehicles.

Desjardins Group's car fleet		2010	2009	2008
New vehicles		1,399	1,415	1,464
Total distance in kilometres		37,466,046	37,478,265	38,658,053
Average distance travelled by each car (in kilometres)		26,781	26,486	26,406
Gas consumption (GJ)		147,742	141,616	137,529
GHG emissions	CO ₂ (tonnes)	9,757	9,353	9,083
	CH ₄ (tonnes of CO ₂ eq.)	13	12	12
	N ₂ O (tonnes of CO ₂ eq.)	203	195	189
	Total (tonnes of CO ₂ eq.)	9,973	9,560	9,284
GHG emissions per vehicle (tonnes of CO ₂ eq. per/vehicle)		7.13	6.76	6.34

Desjardins Alternative Transportation Program

In keeping with its Desjardins-wide “Changing the World, One Step at a Time” campaign and its policy on sustainable development, the Group’s Alternative Transportation Program was designed to reduce its environmental footprint by improving the habits of employees who commute to and from work, in addition to improving their overall health and that of their communities.

This program touches on all aspects of transportation, i.e. active transportation, carpooling and public transit. It also aims to reduce business travel by using teleconference and videoconference technology, as well as telecommuting.

In 2010, the team in charge of this program put a series of measures in place to encourage Desjardins employees to use alternative means of transport and cut down on solo automobile travel:

- Information booths on active transportation (walking and biking) in different work locations in Québec and Ontario, and free workshops for bike tune-ups
- Offer to pay 50% of the registration fee for BIXI service in Montréal – 278 employees signed up
- Launch of the carpooling program (software to pair carpoolers, guaranteed rides home and reserved parking in Lévis)
- Free 3-month passes to try public transit (Montréal, Québec City, Trois-Rivières, Gaspé, Toronto and Mississauga)
- Monthly draws for free bus and metro passes to reward those who use public transit regularly: more than 500 passes have been handed out to date
- A suggestion e-mail box for queries and comments about alternative transportation
- Infrastructure improvements (bike racks, showers, change rooms, reserved parking for carpoolers) and employee surveys on usage
- Submissions made to the *Société de transport de Lévis* to improve its services



These initiatives are examples of some of the measures put in place to encourage employees to change their transportation habits. The Desjardins Alternative Transportation Program also contributes to improving employees' quality of life by:

- Improving employee health and well-being by reducing stress and increasing physical activity
- Cutting the time spent commuting, while reducing road congestion
- Improving working conditions for employees
- Reducing the costs of solo automobile travel
- Instilling a sense of pride that comes from taking action to save the environment
- Reinforcing the sense of belonging to the organization and its strategic orientations
- Reducing the risk of accidents
- Enhancing the quality of the environment by reducing noise and greenhouse gas emissions
- Contributing to reducing health care costs

Several initiatives were launched to make sure this program reached as many employees as possible: a contest was held in the fall of 2010 to come up with a program slogan, a graphic signature was selected, and an "Alternative Transportation" section was added to the new employee portal featuring promotional videos starring employees from different offices in Québec and Ontario. Desjardins Group's efforts were recognized in 2010 with an award from the *Centres de gestion des déplacements* for developing its alternative transportation program.

Given its concern with promoting a healthy lifestyle for people of all ages and its respect for the environment, Desjardins Group supports and encourages people to use bicycles throughout Québec. Desjardins has joined forces with Vélo Québec and BIXI's self-serve bicycle service to support this eco-friendly urban transportation method.

THE FIRST BIXI BIKE STATION AT COMPLEXE DESJARDINS

Efforts to encourage employees to adopt alternative transportation methods and making it easier for them to do so are being ramped up with several partners. Working in collaboration, a team from the Real Estate Services Division and those behind the Desjardins Alternative Transportation Program have reached a partnership agreement with the Société de vélos en libre-service to install a BIXI bicycle station at Complexe Desjardins, which now has about 40 bikes for people to use. One more concrete step towards protecting the environment!



Desjardins shuttle

Since the early 1990s, the Desjardins shuttle has been available to staff for travel between the head office in Lévis and its offices in Montréal, morning and night, every weekday. The Desjardins shuttle made the trip 796 times in 2010, shuttling 15,296 employees to and from both locations. If each of these employees had made the trip using their own vehicle, close to 600 tonnes of greenhouse gases would have been released into the atmosphere.

The following data on business travel were included in the inventory of greenhouse gases (GHG).

Desjardins shuttle (for travel between Montréal and Lévis)		2010	2009	2008
Passengers (one-way)		15,296	13,578	15,296
Trips		796	782	796
Total distance covered (km)		202,980	199,410	202,980
Consumption (litres)		91,341	89,735	91,341
Equivalent energy consumption (GJ)		3,533	3,471	3,533
GHG emissions	CO ₂ (tonnes)	243	239	243
	CH ₄ (tonnes of CO ₂ eq.)	0	0	0
	N ₂ O (tonnes of CO ₂ eq.)	11	11	11
	Total (tonnes of CO ₂ eq.)	254	250	254
Average number of employees per trip		19.2	17.4	19.2
Equivalent CO ₂ emissions per passenger (kg)		16.6	18.4	16.6
Emissions saved by the shuttle (tonnes of CO ₂ equivalents)		571	482	571

Rental vehicles		2010	2009	2008
Total gas (\$)		627,675	485,713	488,192
Consumption (litres)		592,705	502,288	412,324
Equivalent energy consumption (GJ)		20,543	17,409	14,291
GHG emissions	CO ₂ (tonnes)	1,357	1,150	944
	CH ₄ (tonnes of CO ₂ eq.)	2	2	1
	N ₂ O (tonnes of CO ₂ eq.)	28	24	20
	Total (tonnes of CO ₂ eq.)	1,387	1,176	965



Personal vehicles		2010	2009	2008
Total distance covered (km)		33,787,990	34,864,930	33,151,827
Consumption (litres)		3,054,434	3,151,790	2,996,925
Equivalent energy consumption (GJ)		105,867	109,241	103,873
GHG emissions	CO ₂ (tonnes)	6,992	7,214	6,860
	CH ₄ (tonnes of CO ₂ eq.)	9	9	9
	N ₂ O (tonnes of CO ₂ eq.)	146	150	143
	Total (tonnes of CO ₂ eq.)	7,146	7,373	7,012

Air travel ¹⁵		2010	2009	2008
Type of travel				
Short distance – km		1,441,453	1,361,728	1,445,688
Short distance – emissions (tonnes of CO ₂ equivalents)		154	146	155
Medium distance – km		5,210,436	5,465,923	5,245,797
Medium distance – emissions (tonnes of CO ₂ equivalents)		636	667	640
Long distance – km		12,170,239	11,557,303	11,182,879
Long distance – emissions (tonnes of CO ₂ equivalents)		1,467	1,393	1,348
Total GHG		2,257	2,206	2,143
Total km		18,822,128	18,384,954	17,874,364

15. Excluding the data for Desjardins Venture Capital (0.2% of Desjardins Group's total staff)

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 encourages members to perform their financial transactions online with AccèsD. As a result, in 2010 more than 3 million online statements were converted because members opted for this service, meaning that 331,453 monthly caisse statements, 187,704 monthly VISA statements and 6,008 monthly Desjardins Securities or Disnat statements were viewed online. What's more, since 2010, participants in group retirement savings plans from Desjardins Financial Security have been able to sign up to receive their statements electronically as well.

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 represented close to 18% of Desjardins Group's greenhouse gas emissions in 2010, 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 and now known as the Climate Reality Project Canada, dedicated to raising awareness and educating people about climate change. This commitment falls under the responsibility of Desjardins Group's property and casualty insurance sector, for which climate change has particular importance.

Since 2010, Desjardins has been a member of the Board of Directors of the David Suzuki Foundation. Desjardins is also a partner of the Québec arm of the David Suzuki Foundation, and one of its contributions was the 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. In another project that could have far-reaching effects, Desjardins will host the first ever Winter Summit in Québec City to raise funds for this organization in 2012. The aim of this annual event is to raise awareness and educate people about the impact climate change is having on Québec winters through scientific, cultural and sport activities.

OUR CHALLENGE FOR 2011 WITH RESPECT TO THE ENVIRONMENT

Designing and offering our members and clients financial products that take the effects of climate change to heart.



“CHILDREN ALSO NEED TO BE CAISSE MEMBERS BECAUSE THEY NEED TO BE TAUGHT AS EARLY AS POSSIBLE ABOUT THE GREAT SOCIAL VIRTUE OF SAVING.” – Alphonse Desjardins



Michel Daigneault, *Sunset*, 2009, acrylic on canvas, 182 x 152 cm, Desjardins Art Collection



4. A CAREER WITHIN A MAJOR COOPERATIVE MOVEMENT



Desjardins Group knows that its employees, managers and elected officers constitute its most valuable capital – its human capital. These people personify the richness of this major cooperative movement. This is why Desjardins Group works hard to offer them a dynamic and respectful workplace, an environment that enables them to develop and thrive professionally. For their part, Desjardins employees are encouraged to combine their skills, talents and creativity in order to support Desjardins Group in its efforts to better meet the expectations and needs of its members and clients.

In 2010, Desjardins Group optimized the benefits of its new organizational structure together with its officers, managers and employees.

4.1 FOCUS ON DESJARDINS EMPLOYEES

“YOUR TALENT IS WHAT MOVES US FORWARD.”

Desjardins works to ensure that it remains the employer of choice for its employees and future applicants by continuously implementing measures designed to maintain a stimulating workplace that allows people to develop and thrive. The organization thus works to instil loyalty among its employees and attract the best talent.

Loyalty rate – regular employees ¹	2010	2009	2008
Total regular employees loyal to Desjardins	95.4 %	95.6 %	94.8 %
Regular management employees loyal to Desjardins	97.1 %	98.0 %	97.0 %
Regular non-management employees loyal to Desjardins	95.2 %	95.4 %	94.6 %
Voluntary departures of regular employees ²	1,737	1,605	1,795
Employee promotion rate	6.7 %	–	–

1. Excluding retirements and employees of the US Branch of Caisse centrale Desjardins (CCD).

2. Number of voluntary departures of regular employees for reasons other than retirement (resignations) during the period, divided by the average number of regular employees during the period

In 2010, many people demonstrated an interest in beginning or continuing a career at Desjardins. Some 144,376 applications were received for 5,378 positions. Innovative recruitment strategies, notably through partnerships with social media, helped to boost the appeal of Desjardins.

Personal development

In 2010, Desjardins invested \$51.6 million, or 2.48% of its payroll, in training. Desjardins carried out an extensive overall review of the training offered to its 49,000 officers and employees. The goal was to carefully review the career development and training practices in relation to the business and cooperative objectives of Desjardins Group as well as the educational dimensions at the heart of its raison d'être.

This complete diagnostic has led to the strengthening and renewal of the vocation of Desjardins Cooperative Institute (DCI), the “corporate university” of Desjardins Group.

Program title	Total program length	Number of sessions offered	Number of persons trained	Satisfaction rate (very satisfied and satisfied)	Rate of respondents recommending the program
Desjardins: Building the Future	5 years	77	3,947	99.7%	98.6%
Desjardins: Destination Excellence	5 years	59	2,494	98.1%	96.9%
Desjardins and Innovation	Almost 2 years	15	605	97.2%	96.4%
Desjardins: Building the Future Knowledge Transfer	3 years	78	4,306	98.0%	–



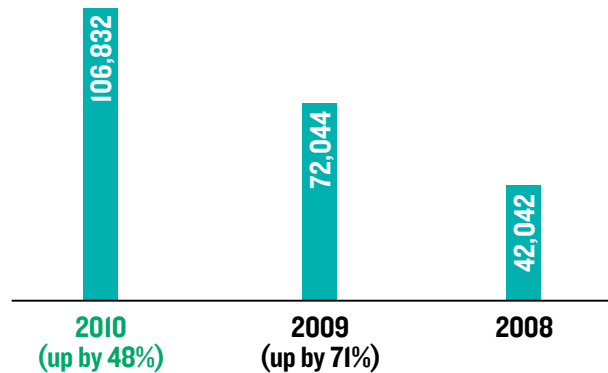
In a decision supported by the Board of Directors and Desjardins Group's senior management, DCI will now ensure the coordination of the training sessions offered throughout Desjardins Group. This anchor project is intended to ensure shared commitment by implementing six major development paths that will influence training practice within Desjardins Group. Desjardins has prioritized this initiative primarily out of consideration for all of its employees and elected officers as well as for all individuals who live the ideal of cooperative action on a daily basis.

One of these paths entails increasing the virtual training offering. Virtual training has several advantages, as it makes it possible to:

- Reduce the travel of trainees, trainers and external suppliers by providing virtual classes, in keeping with the Desjardins Alternative Transportation Program, thus having a positive impact on the environment by cutting greenhouse gas emissions
- Improve the quality of life of employees and trainers (work-life balance and reduced pressure on personal life)
- Reinvest the travel time saved by trainers in improving services offered and further increase the loyalty of trainees (more results with regard to the development of human capital)

Although Desjardins Group aims to further improve its offering in this regard, it already boasts a few concrete examples of this type of training.

Number of online training sessions taken by users



Desjardins Group would like not only to increase the loyalty of the employees it recruits, but also to ensure their employability within Group. To do this, it uses a diverse range of training programs to develop job skills and train new managers. Employees and managers have access to various career development programs, such as:

- Program intended to develop talent
- Manager integration program
- Asset management training program – employee component, updating of management skills

Desjardins Group also offers its employees the option of studying at recognized educational institutions by implementing measures to facilitate their success. These measures include:

- Work schedule accommodation
- 100% paid training time when training is a job requirement and 50% paid training time when training is necessary for the development of a person identified as a succession candidate
- Reimbursement of registration fees upon successful completion of courses and reimbursement of required books and documents
- Monetary recognition for additional education
- Unpaid leave for up to 12 months to enable employees to complete their studies

Management and thinking tools support managers and employees in their career development process. Regular meetings are also held between managers and employees in order to help employees reflect on their professional objectives and create an action plan to attain them, taking into account the organizational realities. These meetings enable managers to get to know their employees and their aspirations in order to make the best possible match between available talent and business needs. In 2010, 51% of employees¹ mentioned that they had had a meeting about their career with their manager during the year.

Meetings are also held between managers and employees in order to discuss employee performance. These meetings make it possible to reward employees for desired behaviour and attitudes, promote conditions to ensure employee success in their roles, and familiarize them with the issues and priorities of their unit in order to better understand the importance of their contribution. As regards performance, some 91% of employees² said that they had had a formal meeting with their manager in 2010.

Desjardins supports employees throughout their professional lives, including in their thinking and their end-of-career planning. A retirement education and coaching program enables employees aged 50 or over who participate in the Desjardins Group Pension Plan, as well as their spouses, to take part in an intensive retirement preparation session.

1. Out of 18,510 respondents to this statement. Source: 2010 employee engagement survey.

2. Out of 18,522 respondents to this statement. Source: 2010 employee engagement survey.



OUR CHALLENGE FOR 2011 WITH RESPECT TO CAREER DEVELOPMENT

Ensure that all employees have a meeting
about their career and one about their performance

Measures taken to retain employees in periods of restructuring

Desjardins is concerned with retaining employees during reengineering and restructuring processes.

Following the transformation begun in 2009, vacant positions and employee assignments were 99% standardized for the 17,000 people grouped together in the new organizational structure. A policy of counselling people during periods of change has been introduced. It includes measures facilitating the transition of people to new positions (maintenance of salary, compensation in cases of relocation, etc.) as well as transitory measures for employees likely to lose their jobs (compensation and right of recall to work, early retirement, temporary assignment, etc.). Communication is a key component in these situations. Moreover, all employees are notified at least 30 days in advance in cases of job loss; these time frames are also included in the collective agreements.

Qualified succession candidates at the right time

Desjardins offers paid programs for university and college graduates. Training associated with these programs is intended to develop knowledge and job skills specific to Desjardins in people interested in working in the financial field. Thanks to the constant support of the caisse network as regards coaching our young people in their integration and development, Desjardins ensures a pool of succession candidates who are well prepared and ready to undertake any challenge.

Desjardins Group also has an executive succession and development program. This program gives Desjardins a cross-sectional view of talents and positions deemed “critical”. Desjardins sets itself apart through its inclusive approach, which enables all interested candidates to apply. Each year, senior management goes through a process of reviewing talent in order to identify succession candidates. The program is undergoing review with a view to including other levels of management positions.

OUR CHALLENGE FOR 2011 WITH RESPECT TO SUCCESSION

Create a minimum of 100 internships in order
to create a new pool of succession candidates
and promote employee mobility

An approach that takes diversity into account

Diversity has been identified as a key issue at Desjardins Group. It is a way of responding to the current and future needs of its members and clients. It is also a way of ensuring that its members and clients can identify with a financial institution that is representative of their community. With its extensive point of service network, Desjardins likes to hire local applicants who are best able to perform the required duties. Thus, all members of senior management – the President and CEO and the senior vice-presidents, who represent the Business Sectors and Desjardins Group Support Functions – come from one of the local communities served by Desjardins.

Desjardins would like to enrich its human capital by focusing on young people, an increased presence of women in senior management positions, and an increased number of representatives of cultural and Aboriginal communities as well as the English-speaking community.

Openness to diversity is directly related to the cooperative values of solidarity, democracy and equality which characterize Desjardins Group. In 2006, Desjardins Group adopted an inclusive employee management style that fosters a respectful environment that celebrates differences so that every person feels respected and acknowledged. Since then, this approach has guided the organization as a whole in diversity-related matters. Some 77% of employees are able to state that the organization is taking concrete action that demonstrates its openness to cultural, intergenerational, gender and linguistic diversity.³

This commitment to include diversity is reflected in Desjardins policies, especially its staffing policy, where the choice of applicants is based on skills and acquired knowledge. Skills and behaviours are evaluated using rigorous selection tests based on criteria that do not discriminate with regard to gender, age or culture.

INTEGRAL PART OF ITS COMMUNITY

Hiring procedures at AccèsD, especially those for the recruitment of advisors who work in client contact centres, are a good illustration of the values inherent to the cooperative spirit – a concern with integrating and reflecting the social reality. Over 40% of AccèsD advisors are of different origins and represent 27 nationalities.

3. 2010 employee engagement survey.



Representation at Desjardins

Employee distribution ³	2010	2009	2008
By sector			
Business sectors and Desjardins Group functions	17,556	16,803	16,776
Caisse network	25,085	25,307	24,888
By province			
Québec	39,757	39,271	38,952
Ontario	2,684	2,657	2,560
Other provinces	139	127	96
Outside Canada	61	55	56
By status⁴			
Regular full-time	75.9 %	89.2 %	88.6 %
Regular part-time	13.2 %		
Temporary	10.9 %	10.8 %	11.4 %
By job category⁴			
Senior management ⁵	1.3 %	1.1 %	1.9 %
Management employees (excludes senior management)	6.7 %	6.9 %	6.2 %
Non-management employees	92.1 %	92.1 %	91.9 %
Total number of employees⁶	42,641	42,110	41,664

3. Some previously published data have had to be modified.

4. Rounded data.

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. Before, it included the positions of senior manager level 8 or higher.

6. Excludes employees of CCD U.S. Branch.

Representation of employees aged 30 or under (as a %) ⁷	2010	2009	2008
Management employees (including senior management)	3.3	2.5	2.3
Non-management employees	20.4	20.8	20.9
Total	19.1	19.3	19.4

7. Some previously published data have had to be modified. 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. Before, it included the positions of senior manager level 8 or higher.



The most recent diversity survey at Desjardins Group was carried out in 2008–2009. According to the survey, the representation rate of cultural communities among employees was 5.07%. The table below presents a breakdown of the groups targeted in the equal access employment program:

Profile of diversity (as a %)	Island of Montréal ⁸	Caisse network	FCDQ	DFS ⁹	DGIG	CCD ⁹	DAM-DPM	DVC	DID	DG TO-TAL
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

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

8. Note: The “Island of Montréal” column applies to the caisse network only.

9. Desjardins Financial Security and Caisse centrale Desjardins participate in contractual federal government and provincial government employment equity programs.

Several Desjardins Group caisses, such as Carrefour Desjardins, offer their services in languages other than English and French and can respond to requests in a total of ten languages.

Ensuring the fair representation of women

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

- Foster the promotion of women to senior management positions
- Increase the representation of women in 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 across all management levels and the Board of Directors with the objective of preparing future female executives



In 2010, 60% of posted management positions (excluding senior management) and 22% of posted senior management⁴ positions were filled by women. According to a survey conducted in 2010, some 81% of employees believe men and women have an equal opportunity for career advancement at Desjardins Group⁵.

Desjardins has 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 organization working globally with businesses and professional groups to build inclusive environments and expand opportunities for women in businesses.

Desjardins is also a member of the Canadian Board Diversity Council (CBDC). The mandate of the CBDC is to educate the leaders of the private and public sectors about best practices as regards diversity and increase the representation of women on boards of the *FP500* by 14% to 20% by 2013.

Several women's groups exist at Desjardins in various regions of Québec; these groups organize activities in order to promote networking and development opportunities for women

Représentativité des femmes (en %) ¹⁰	2010	2009	2008
Cadres supérieurs ¹¹	20.7	20.5 ¹⁰	19.2
Gestionnaires	58.3	55.9	56.8
Salariés	77.7	78.3	78.7

10. Some previously published data have had to be modified.

11. These data take 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. Before, it included the positions of senior manager level 8 or higher.

PAY EQUITY POLICY

Desjardins Group applies equitable, competitive and motivating pay practices. These practices respect pay equity laws and the principle of “equal pay for equal work”. Thus, all employees occupying equivalent positions fall into the same job level or class and the same salary scale, from the time they are hired. Subsequently, salaries change based on acquired experience, skills and employee performance.

In 2010, Desjardins Group finalized all agreements with groups of unionized and non-unionized employees in the context of the Québec *Pay Equity Act*. These agreements have led to an adjustment in salary scales at the bottom of the structure (1.2% on average) and the payment of \$78 million to 27,000 employees targeted by these measures. Terms have been defined to ensure pay equity is maintained, and resulted in further salary adjustments at the end of the year.

4. These data take 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. Before, it included the positions of senior manager level 8 or higher.

5. Source: 2010 employee engagement survey.



Desjardins contributes to the economic well-being of its employees by offering salaries well above minimum wage. The minimum salary of an employee in the lowest employment category is 1.3 times higher than the current official minimum wage.⁶ There is no variation in ratio between operating regions.

Each person benefits from a range of working conditions that enable them to achieve fulfillment both in their professional and personal lives. In keeping with the values and priorities of Desjardins Group, the working conditions are designed to promote equality, stimulate innovation and ensure employees receive recognition.

4.2 WORKING CONDITIONS THAT PROMOTE EMPLOYEE WELL-BEING AND BALANCE

Regular full-time and part-time employees benefit from the following:

- Life insurance
- Health insurance
- Pension plan
- Drug, dental and eye care coverage
- Health spending account – at the employee's discretion
- Working conditions accommodating of life's various events (maternity, adoption and paternity leave)

Part-time employees benefit from most of the above, prorated according to the time worked.

Some 0.14% of all employees work abroad. Their working conditions are equivalent to those of employees in Québec, but are adapted to comply with the laws and standards in the country in which they are working.

In 2009, Desjardins reaffirmed its desire to ensure the financial security of its employees through its retirement and employee benefit plans. Contrary to many companies, Desjardins has maintained its defined benefit pension plan. The Desjardins Group Pension Plan ensures employees' financial security upon retirement, a reflection of the spirit of Desjardins Group's fundamental values. The plan also reinforces Desjardins Group's distinctive reputation as a Best Employer. Desjardins continuously monitors the investment policy, now part of the trend toward socially responsible investing, and its results to ensure the long-term continuity of this plan for employees. Under this plan, the risk is shared between plan members and Desjardins Group at a ratio of 35% to 65% respectively. For more information, visit rcd-dgp.com.

Conditions are also in place to facilitate work-life balance, such as flexible work arrangements (compressed work week, telework) or various forms of leave (deferred salary).



Rights and freedoms

In Canada, the right of association is set out in various types of labour legislation, and Desjardins complies with such legislation. In the entire Desjardins Group, some 25.1% of employees are covered by a collective agreement. This number goes up to 30.6% if we take into account only the caisse network, which also includes the financial and administrative centres.⁶

Several training sessions are offered to Desjardins Group officers, managers and employees as regards the policies and procedures related to human rights that apply to organizational activities. Below are a few examples:

- Reasonable accommodation and inclusive management of cultural differences
- Diversity for officers
- Diversity Is My Business!
- Ethical management: an informed decision
- Measure your Ethics Quotient – officers
- From Professional Conduct to Ethics – officers
- Detecting and Handling Ethical Issues – officers
- A healthy, harassment-free workplace
- Training in harassment prevention for managers
- Harassment awareness workshop for managers
- Ethics at Desjardins Securities (DS)
- Ethics module and case study (DS)
- Death risk management ethics

In 2010, some 1,270 hours of training were given to over 530 participants.⁷

Making employee health a priority

In 2010, Desjardins Group maintained its status as a Canadian leader in workplace health and safety. A number of years ago, Desjardins set up a team dedicated to general health management. In the wake of the changes stemming from the new organizational structure, this team became known as the Group Insurance and Health Management Department. The mandate of this department is to offer employees relevant tools adapted to their work environment.

6. The minimum wage in effect in Québec as at May 1, 2010 was \$9.50.

7. This figure does not include the following training sessions: Harassment awareness workshop for managers and Ethics at Desjardins Securities.



Health promotion

Owing to the nature of its activities, Desjardins is not subject to *An Act Respecting Occupational Health and Safety*, which obliges employers to form a formal parity committee dealing with occupational health and safety. However, Desjardins strongly believes that personal development begins with an approach fostering health and well-being. Accordingly, Desjardins is in an advantageous position as compared with other companies on the market.

Every year, Desjardins makes a significant investment in employee health and well-being. In 2010, 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 period so they can get the care and services they need, when they need them, which aids in their recovery and, therefore, return to work.

As a major private employer in Québec, Desjardins Group has a social responsibility with regard to health. By contributing to the improvement and maintenance of healthy living habits, it helps take some pressure off the health care system. All of society benefits from these measures.

The goal of Desjardins with regard to health is to set itself apart as a leader by promoting a preventive and proactive approach that meets both its business challenges and the needs of its employees.

In concrete terms, this approach is centred on five spheres of intervention that have an impact on the health and well-being of employees:

- Health promotion: encourage employees to adopt healthy living habits
- Preventing health problems: target the source of health problems in order to maintain and promote good health
- Managing health-related absences: enable employees to recover and return to work in the shortest possible time and under the best possible conditions
- Group insurance: offer protections that meet the evolving needs of employees at competitive prices
- Occupational health and safety: maintain a safe and secure workplace



These principles also form an integral part of the collective agreements of our unionized employees. Employee participation is important when it comes to activities promoting healthy lifestyle habits. In 2010, the flu shot campaign held annually in many offices throughout Desjardins Group enabled nearly 10,000 employees to get a free flu shot. Additionally, approximately 35% of employees have taken advantage of the Physical Activity Fees Reimbursement Policy. Complete medical checkups are offered to managers by specialized companies. In 2010, some 24% of managers availed themselves of this service.

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 2010, some 12,200 people signed up for the challenge.

In addition, a health spending account is included in 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.

Desjardins Group's philosophy and practices with regard to health have a direct impact on the indicators set out in the table below:

Workplace health and safety ¹²	2010	2009	2008
Incidence rate in the short term (as a %) ¹³	10.2	9.9	9.8
Average duration of absences longer than 10 days (in days) ¹⁴	76.3	77.7	77.1
Deaths	0	0	0

12. These data do not take into account breakdown by region, as they do not have any impact for the organization.

13. Number of short-term disability insurance claimants divided by the number of individuals covered by disability insurance.

14. This indicator is more relevant for the organization than the rate of occupational illnesses or injuries. It is a number of days established based on the start date of the employee's disability. These data only include files closed as of the date the table was compiled.



ENSURING EMPLOYEE SAFETY AT ALL TIMES

Desjardins Group offers many support measures for employees who have experienced a traumatic event, regardless of whether it is related to the nature of their work in a financial institution. Compensation mechanisms are available for people needing time off work following this kind of event. Employees also have access to an assistance program for victims of violent acts such as robbery or attempted robbery, death threats and hostage-taking within the context of their job.

Employees and their family members covered by the group insurance health component may obtain financial assistance should they require psychological counselling owing to personal or professional problems.

Training on organizational civility designed to eliminate behaviours harmful to the psychological health of employees (e.g. harassment) from the workplace was piloted in 2010 and will be deployed in 2011.

In special situations, such as during the H1N1 flu pandemic, Desjardins Group implemented various measures to prevent and limit the spread of the virus. These measures consisted in:

- Promoting good hygiene practices by supplying employees with effective protection supplies, including latex gloves, surgical masks, hand sanitizers and products necessary for them to clean their individual workspaces
- Implementing stricter cleaning measures for the disinfection of workspaces considered at risk
- Encouraging employees with symptoms of the H1N1 flu virus (and employees living with someone showing symptoms) to stay home while guaranteeing their financial security

Surveys and other means of obtaining employee feedback

As part of its ongoing process of improvement, Desjardins Group carries out periodic surveys among its employees in order to measure their level of engagement. The data collected make it possible to develop an action plan designed to better address employee concerns.

The survey carried out in 2010 showed several positive trends. A large percentage of employees said they were proud of the social responsibility of the organization and the actions it takes to protect the environment. They especially appreciated the respectful environment in which they work, the support of their managers and the importance placed on employee training and skills development. They also confirmed that their needs were being met by the benefits program and the pension plan offered by the employer.

Moreover, the survey made it possible to conclude that employees have a very good understanding of the need for the Desjardins Group transformation. Employees also showed an interest in getting more involved in the implementation of the structure and being more informed of the concrete effects of the new organization.



When employees experience a situation they consider discriminatory, several mechanisms make it possible for them to make their point of view heard. In 2010, the caisse network and the FCDQ did not receive any complaints of discrimination with regard to human rights and freedoms. Complaints are recorded by the Labour Relations Department and are dealt with by internal mechanisms.

The 2010 employee engagement survey highlighted our employees' pride and understanding with regard to our cooperative difference.

"As an employee, I am proud of the fact that Desjardins is a cooperative group (84 %)."

"I understand the distinct characteristics of a cooperative financial group (e.g. a Desjardins branch), which set it apart from traditional companies (e.g. a bank) (84 %)."

"I am ready to do my part so that Desjardins Group's sustainable development initiatives benefit me, my colleagues and my friends and family (87 %)."

RESPONSES TO THE CHALLENGE FOR 2010 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."

- Provide support for the start-up and consolidation of management committees and teams in all new units
- Finalize the implementation of the new structure, ensure staffing and coaching, and reconcile the status of 99% of management and non-management employees
- Help move 250 employees as part of the technological infrastructure transformation project (acceptance rate of over 95%)
- Develop and implement an integrated change strategy
- Standardize working conditions for the 17,000 business sector and support function employees
- Hold workshops on interview and résumé preparation (over 1,600 participants) and job search techniques, and provide individual coaching

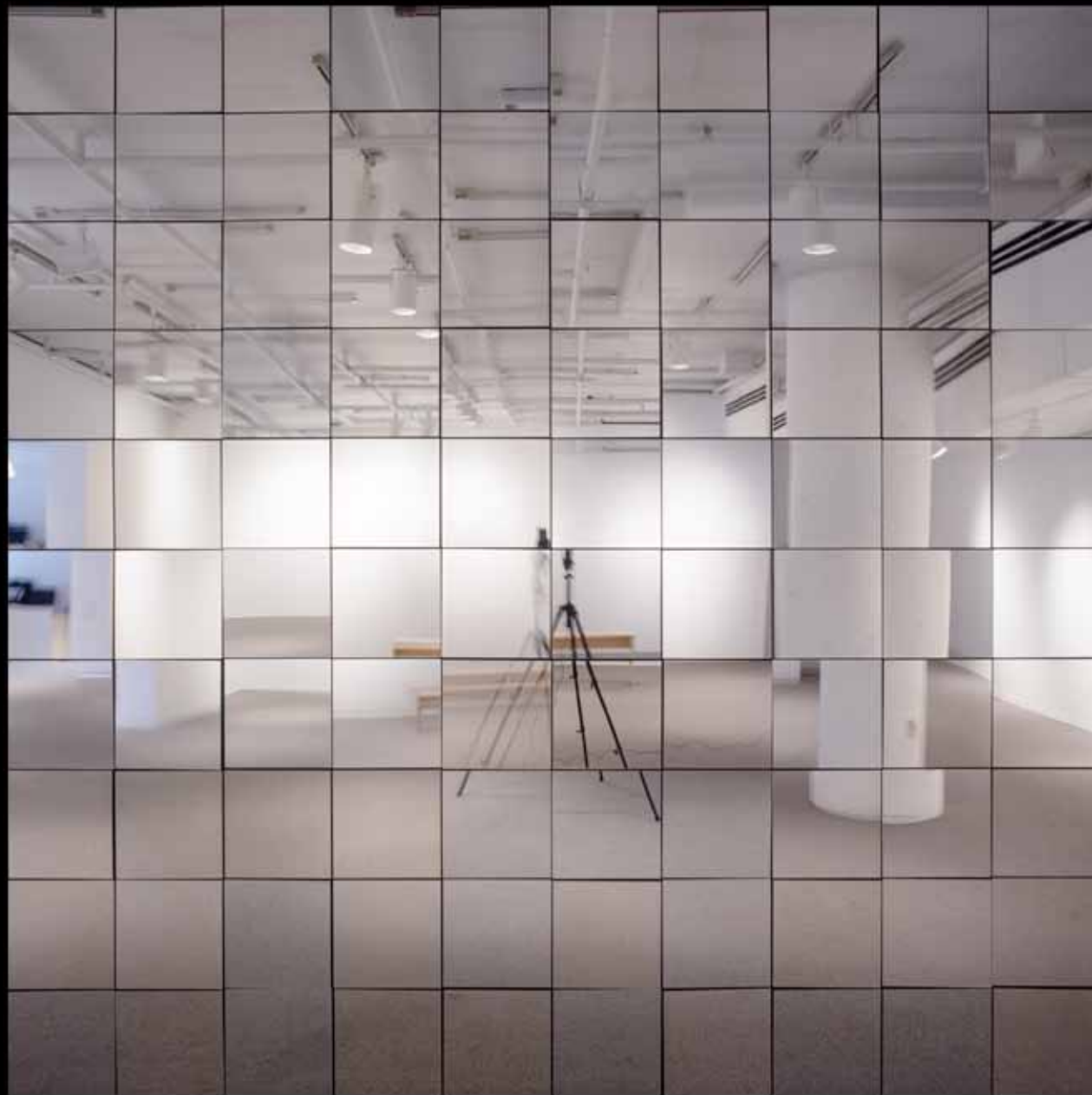
RESPONSES TO THE CHALLENGE FOR 2010 WITH RESPECT TO EMPLOYEE HEALTH AND WELL-BEING

“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.”

- Management reports have been developed for managers of business sectors and Desjardins Group functions using the employee information system.
- A model for managing health-related absences was put in place. This model involves agents specialized in health management, who:
 - act as resource persons, respond to employees’ concerns and guide them through the administrative procedures involved in submitting a disability insurance claim
 - communicate with employees to inquire about the state of their health and give them relevant information about the administration of their file by the employer
 - answer managers’ questions and involve them in the process in order to maximize their contribution to their employees’ recovery and eventual return to work. Agents take charge of the administrative management of the file throughout employees’ absences, including the submission of disability insurance claims to Desjardins Financial Security, and provide managers with updates on employees’ absences
- Administrative practices with regard to the administration of various group insurance components with partners such as Desjardins Payroll Services and the Desjardins Group Payroll Department were revised.



**“DESJARDINS MEANS COOPERATING IN BUILDING THE FUTURE!.
BY COMBINING OUR STRENGTH AND EXPERTISE, DESJARDINS
WILL BE EVEN MORE EFFECTIVE AND HAVE AN EVEN BETTER
RELATIONSHIP WITH ITS MEMBERS.” – Monique F. Leroux**



Gwenaél Bélanger, *Off Camera 3*, 2008, digital print, 66 x 66 cm, Desjardins Art Collection



2010 SOCIAL AND COOPERATIVE RESPONSIBILITY REPORT (SCRR)



Global Reporting Initiative Indicators (GRI)

Reporting level legend: ● Fully reported ◆ Partially reported

REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision-maker of the organization (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and its strategy	●	2010 Social and Cooperative Responsibility Report (SCRR) Pages 4-5: – Message from the Chair of the Board, President and Chief Executive Officer
1.2	Description of key impacts, risks, and opportunities	◆	2010 SCRR Pages 4-5: – Message from the Chair of the Board, President and Chief Executive Officer Page 72: – Sustainable development policy
ORGANIZATIONAL PROFILE			
2.1	Name of the organization	●	Desjardins Group (DG)
2.2	Primary brands, products, and/or services	●	2010 Annual Report Pages 17 to 27: – Our five orientations Page 47 – Structure of Desjardins
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	2010 Annual Report Page 16: – An entire organization dedicated to serving its members desjardins.com
2.4	Location of organization's headquarters	●	Lévis, Québec, Canada
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	2010 SCRR Pages 8-9: – Desjardins here and abroad
2.6	Nature of ownership and legal form	●	2010 Annual Report Pages 46-48: – Overview of Desjardins Group



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	2010 Annual Report Pages 46-48: – Overview of Desjardins Group
2.8	Scale of the reporting organization	●	2010 Annual Report Pages 46-48: – Overview of Desjardins Group
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	No significant changes
2.10	Awards received in the reporting period	●	2010 Annual Report Pages 34-35 – Achieving excellence 2010 SCRR Page 77: – Energy-efficient building program
REPORT PARAMETERS			
3.1	Reporting period	●	2010 SCRR Page 6: – Reporting framework
3.2	Date of most recent previous report	●	2009
3.3	Reporting cycle	●	Annual
3.4	Contact point for questions regarding the report or its contents	●	Brand Management Administrative Department Communications Corporate Division Desjardins Group Telephone: 514-281-7000, ext. 7272 Toll-free: 1-866-866-7000, ext. 7272
3.5	Process for defining report content	●	2010 SCRR Page 6: – Reporting framework
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	●	2010 SCRR Page 6: – Reporting framework
3.7	State any specific limitations on the scope or boundary of the report	●	2010 SCRR Page 6: – Reporting framework
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	●	None
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	◆	Available upon request
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	●	Indicated in table where applicable



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	Indicated in table where applicable
3.12	Table identifying the location of the Standard Disclosures in the report	●	Yes
3.13	Policy and current practice with regard to seeking external assurance for the report	●	No external assurance
GOVERNANCE			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight (for economic, social and environmental performance)	●	2010 Annual Report Pages 91 and 92 – Risk governance Page 104: – Senior management changes Page 187: – FCDQ's governance policy – Management of the FCDQ – Strategic and financial planning process Page 193: – Composition of commissions and committees – Responsibility for corporate governance Pages 195-197: – Mandates and composition of the commissions, committees and the Board of Ethics and Professional Conduct
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	●	2010 Annual Report Pages 193-194: – Defining the authority of the Management Committee – The Board's independence from the Management Committee – Position against separating the functions of Chair of the Board and President, and Chief Executive Officer
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	●	2010 Annual Report Pages 189: – Composition of the Board of Directors – Applying the definition of unrelated party – Nominations process
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	2010 Annual Report Page 189: – Nomination process 2010 SCRR Page 16: – Participatory democracy



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	●	2010 Annual Report Page 190: – Assessing the effectiveness of structures – Remuneration policy for directors Page 193: – Defining the authority of the Desjardins Group Management Committee Page 200: – Mandate of Desjardins Group Management Committee – Remuneration of key executives Page 196: – Human Resources Commission – Committee on the Aggregate Remuneration of the President and Chief Executive Officer of DG
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	2010 Annual Report Page 187: – Culture of integrity Page 197: – Board of Ethics and Professional Conduct
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	●	2010 Annual Report Page 187: – Strategic planning process Page 190: – Orientation and training program for new directors Page 195: – Cooperative Orientations Commission
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	2010 Annual Report Pages 17 to 27: – Five strategic orientations Pages 46 to 48: – Profile and strategic orientations Page 187: – The FCDQ's governance policy – Culture of integrity Page 197: – Board of Ethics and Professional Conduct 2010 SCRR Page 3: – Mission, vision and values



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	●	2010 Annual Report Pages 187-188: <ul style="list-style-type: none"> – Strategic and financial planning process – Identification and management of main risks – Integrity of the internal control and management reporting systems Pages 195-200: <ul style="list-style-type: none"> – Audit and Inspection Commission – Risk Management Commission – Investment Commission – Management Committee
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	2010 Annual Report Page 190: <ul style="list-style-type: none"> – Assessing the effectiveness of structures
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	2010 SCRR Page 72: <ul style="list-style-type: none"> – Sustainable development policy
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	●	2010 SCRR Page 40: <ul style="list-style-type: none"> – Socially responsible investing Page 72: <ul style="list-style-type: none"> – Actions taken to preserve the environment
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic	●	2010 SCRR Pages 67-68: <ul style="list-style-type: none"> – Support for the cooperative movement Page 82: <ul style="list-style-type: none"> – Raising awareness Page 92: <ul style="list-style-type: none"> – Ensuring fair representation of women
4.14	List of stakeholder groups engaged by the organization	●	2010 SCRR Pages 11-12: <ul style="list-style-type: none"> – Dialogue with our stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage	●	2010 SCRR Pages 11-12: <ul style="list-style-type: none"> – Dialogue with our stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	2010 SCRR Pages 11-12: <ul style="list-style-type: none"> – Dialogue with our stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	2010 SCRR Pages 11-12: <ul style="list-style-type: none"> – Dialogue with our stakeholders



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
ECONOMIC PERFORMANCE INDICATORS			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	●	2010 Annual Report Mini brochure, pages 6-7: – 2010: An exceptional year Pages 6-9: – Message from the President Page 40: – Sponsorships and donations by sector Page 48: – Highlights Page 49: – Operating results and financial position Page 58: – Non-interest expense Page 59: – Income and other taxes 2010 SCRR Page 61-66: – Sponsorships and donations
EC3	Coverage of the organization's defined benefit plan obligations	●	2010 SCRR Page 93: – Working conditions that promote employee well-being and balance
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	◆	2010 SCRR Page 73: – Responsible procurement policy
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	2010 SCRR Page 79: – First BIXI bike station at complexe Desjardins Page 63: – Sponsorships and donations (Trading Room at McGill University)
EC9	Understanding and describing significant indirect economic impacts, including their extent	●	2010 SCRR Pages 51-55: – Our contribution to collective prosperity
ENVIRONMENTAL PERFORMANCE INDICATORS			
EN1	Materials used by weight or volume	◆	2010 SCRR Page 73: – Environmentally friendly paper
EN2	Percentage of materials used that are recycled input materials	◆	2010 SCRR Page 73: – Environmentally friendly paper
EN3	Direct energy consumption by primary energy source	●	2010 SCRR Page 75: – Energy consumption by source
EN4	Indirect energy consumption by primary source	●	2010 SCRR Page 75: – Energy consumption by source



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	◆	2010 SCRR Page 73 – Environmentally friendly paper Pages 75-82: – Energy efficiency
EN16	Total direct and indirect greenhouse gas emissions by weight	●	2010 SCRR Page 76: – Review of greenhouse gas emissions
EN17	Other relevant indirect greenhouse gas emissions by weight	●	2010 SCRR Page 76: – Review of greenhouse gas emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	◆	2010 SCRR Pages 75-82: – Energy efficiency
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	2010 SCRR Page 81: – Encouraging low environmental impact service delivery
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	No fines
SOCIAL PERFORMANCE INDICATORS: LABOUR PRACTICES AND DECENT WORK			
LA1	Total workforce by employment type, employment contract, and region	●	2010 SCRR Page 90: – Employee distribution
LA2	Total number and rate of employee turnover by age group, gender, and region	◆	2010 SCRR Page 85: – Loyalty rate.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	2010 SCRR Page 93: – Working conditions that promote employee well-being and balance
LA4	Percentage of employees covered by collective bargaining agreements	●	2010 SCRR Page 94: – Rights and freedoms
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	2010 SCRR Pages 95-96: – Health promotion
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	●	2010 SCRR Page 96: – Health promotion
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	2010 SCRR Pages 95-96: – Health promotion
LA10	Average hours of training per year per employee by employee category	●	2010 SCRR Pages 85-87: – Personal development



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	2010 SCRR Pages 85-87: – Personal development
LA12	Percentage of employees receiving regular performance and career development reviews	●	2010 SCRR Pages 85-87: – Personal development
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	2010 SCRR Pages 18-19: – Community representation Pages 90-92: – Representation at Desjardins
LA14	Ratio of basic salary of men to women by employee category	◆	2010 SCRR Pages 85-87: – Pay equity policy
SOCIAL PERFORMANCE: HUMAN RIGHTS AND PROCUREMENT			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	◆	2010 SCRR Pages 20-21: – Human rights and procurement
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	◆	2010 SCRR Pages 20-21: – Human rights and procurement
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	◆	2010 SCRR Pages 20-21: – Human rights and procurement
HR4	Total number of incidents of discrimination and actions taken	●	No substantiated cases in 2010 2010 SCRR Page 22: – Complaint management
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	●	No operations pose a risk
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	●	No operations pose a risk 2010 SCRR Page 21: – Operations having a significant risk for incidents of child labour
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	●	No operations pose a risk
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	●	No substantiated cases in 2010
SOCIAL PERFORMANCE: SOCIETY			
SO2	Percentage and total number of business units analyzed for risks related to corruption	●	2010 SCRR Page 24: – Anti-corruption measures
SO4	Actions taken in response to incidents of corruption	●	2010 SCRR Page 24: – Anti-corruption measures
SO5	Public policy positions and participation in public policy development and lobbying	●	2010 SCRR Pages 21-22: – Framework for representation activities



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	Desjardins Group does not contribute to political parties.
SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	2010 SCRR Pages 46-48: – Member and client satisfaction
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	2010 SCRR Page 20: – Ethical practices connected to marketing communications Pages 61-62: – Sponsorships and donations
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome	●	No cases in 2010
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	No substantiated complaint in 2010
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	No fines in 2010
SECTOR SUPPLEMENT: FINANCIAL SERVICES			
FS1	Policies with specific environmental and social components applied to business lines	●	2010 SCRR Page 41: – Proxy voting rights policy Page 52: – Regional economic development policy Page 52: – Deconcentration policy Page 72: – Sustainable development policy
FS2	Procedures for assessing and screening environmental and social risks in business lines	●	2010 SCRR Page 25: – Managing the environmental risks of business credit
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	●	2010 SCRR Pages 11-12: – Dialogue with our stakeholders Page 25: – Managing the environmental risks of business credit Pages 43: – Energy-efficiency loan



REF.	DESCRIPTION OF INDICATOR	REPORTING LEVEL	DESJARDINS RESPONSE
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	●	2010 SCRR Pages 37-39: – Solidarity products and services Page 40: – Socially responsible investing Page 70: – Contribution to the development of financial cooperatives in emerging countries
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	●	2010 SCRR Page 40: – Socially responsible investing Page 42: – Global Equity Guaranteed Investment Page 43: – Green insurance products Pages 52-53: – Investment in development capital
FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote or advises on voting	●	2010 SCRR Page 41: – Proxy voting rights policy
FS13	Access points in low-populated or economically disadvantaged areas by type	●	2010 SCRR Page 32: – Service accessibility
FS14	Initiatives to improve access to financial services for disadvantaged people	●	2010 SCRR Pages 32-36: – Service accessibility
FS16	Initiatives to enhance financial literacy by type of beneficiary	●	2010 SCRR Pages 37-39: – Solidarity products and services Pages 56-57: – Financial education and young people Page 58: – Financial education on financial products and services Page 59: – Educational tools offered through Desjardins websites and other media



2010

**SOCIAL AND COOPERATIVE
RESPONSIBILITY REPORT**



Desjardins

Cooperating in building the future