

2017 SOCIAL AND COOPERATIVE RESPONSIBILITY REPORT

When you choose
Desjardins,
you're making change
happen.



Desjardins

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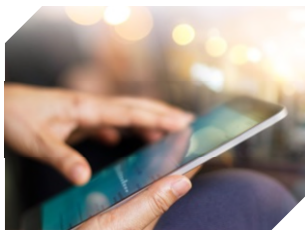
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When you choose Desjardins, you're enriching the lives of people and their communities.

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VIEWING THE REPORT

INTERACTIVE FEATURES

This PDF file includes interactive features available through **Adobe Acrobat Reader** software. To ensure hyperlinks and other interactive links work properly, **it must be installed** on your mobile device or tablet.

In an effort to reduce paper consumption, we've made the report **easy to view online**.

DESJARDINS DOING ITS PART



Desjardins's contributions to achieving the United Nations' Sustainable Development Goals are included on the title page of each section of the report.

GRI (GLOBAL REPORTING INITIATIVE)



See the GRI Index for more on the indicators.

MANAGEMENT APPROACHES

Materiality



Management



Evaluation



NAVIGATION INSTRUCTIONS

VIEWING THE REPORT

The report is built like a website. The section that's being viewed will be highlighted in green in the table of contents.

SEARCH FUNCTION

You can search the report using key words by typing CTRL + F or by selecting the Search option in the Edit menu.

MOVING BETWEEN PAGES



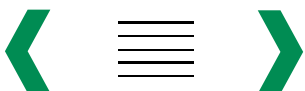
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Agreement**

RIGOROUS DISCLOSURE

Transparency and value creation for society

The social and cooperative responsibility report illustrates how environmental, social and governance (ESG) criteria are gradually being integrated into everything we do at Desjardins. Prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines, this non-financial report emphasizes the importance we place on the ever-changing needs of our members and clients and on our cooperative nature. Our focus on personal and community development is our way of driving responsible and sustainable socio-economic growth.

In an effort to ensure transparent, rigorous disclosures that are comparable to those of other financial institutions, we adopted the GRI methodology in 2007 for non-financial reporting. GRI is the most widely used and recognized methodology worldwide, and the transition to standards in 2018 will further expand its scope. By publishing this report along with our financial results, we're moving towards integrated reporting, as proposed by the

International Integrated Reporting Council. Because climate change is our top environmental priority, we comply with the reporting requirements of CDP, formerly the Carbon Disclosure Project. PricewaterhouseCoopers LLP has also independently verified our greenhouse gas emissions and provided limited assurance on our Scope 1, 2 and 3 greenhouse gas emissions. [See their report for more information.](#)

At Desjardins, social responsibility goes hand in hand with our mission and cooperative values. In fact, it's an integral part of our strategic plan that helps us enrich the lives of people and their communities, create value and contribute to our organization's performance.

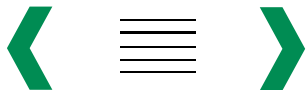
STAKEHOLDER SURVEY

A unique consultation

In 2017, we conducted a materiality analysis on our sustainable development priorities according to GRI standards. We surveyed 1,700 stakeholders to get a comprehensive look at their concerns regarding Desjardins's sustainable development practices. We started by analyzing and discussing topics internally to narrow it down to 20 focus areas, which were then organized according to the results from each stakeholder group. The online survey was sent to:

1,005 employees	500 member officers, including members of our Youth Advisory Board	157 caisse general managers and business centre managers	15 business community representatives	11 civil society organizations	4 government representatives	4 board members	4 senior executives
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The consultation highlighted the importance of non-financial reporting by reinforcing the fact that our priorities are in line with stakeholder expectations and that we must act in the fight against climate change and support the energy transition. The Desjardins Group Board of Directors reaffirmed its commitment to the environment by working toward Paris Agreement targets.





Materiality analysis

Rigorous disclosure

Stakeholder survey

Social and cooperative responsibility

UN sustainable development goals and Paris Agreement

PRIORITY LEVEL FOR EXTERNAL STAKEHOLDERS

High priority

Medium priority

Medium priority

High priority

PRIORITY LEVEL FOR INTERNAL STAKEHOLDERS



PRODUCTS AND SERVICES



1 Cooperative and financial education of members and clients



2 Socially responsible products and services



3 Environmentally responsible products and services



WORKPLACE RELATIONS



4 Employee skills development and training



5 Equality and diversity in the workplace



6 An inspiring, motivating and secure work environment



ENVIRONMENT



7 Alternative transportation



8 Climate change



9 Energy efficiency



10 Environmentally-friendly waste management



MEMBER/CLIENT RELATIONS



11 A distinctive member/client experience



12 Privacy protection



13 Effective governance



COMMUNITY RELATIONS



14 Individual and collective entrepreneurship



15 A greener and more unified economy



16 Economic value for communities



17 Community commitment and investment



STRUCTURE AND PROCESSES



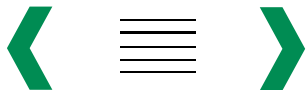
18 Responsible supply chain



19 ESG risks



20 Ethics, integrity and compliance





SOCIAL AND COOPERATIVE RESPONSIBILITY

Overview

Presented in the table below are the key indicators identified for each of the 20 focus areas based on the results of the stakeholder survey on our sustainable development practices. The table offers an overview of Desjardins's performance in all 20 areas. Details for each topic are presented throughout the report.

Rigorous
disclosure

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survey

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Products and services

Cooperative and financial education of members and clients	Investments in cooperation and financial education (millions of \$)	8
Socially responsible products and services	Number of people who received assistance through the Desjardins Mutual Assistance Fund	19,242
Environmentally responsible products and services	Number of members and clients in the Green Program	416,000



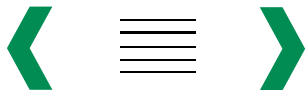
Workplace relations

Employee skills development and training	Proportion of payroll invested in training and skills development (%)	2.65
Equality and diversity in the workplace	Female representation in executive roles (%)	57.5
An inspiring, motivating and secure work environment	Permanent employee retention rate (%)	96.4



Environment

Alternative transportation	Number of employees in the alternative transportation program	8,386
Climate change	Total GHG emissions (in metric tons of CO ₂ equivalent)	45,905
	Carbon footprint intensity (in metric tons of CO ₂ equivalent /m ²)	0.0214
Energy efficiency	Energy intensity (in gigajoules/m ²)	0.88
Environmentally-friendly waste management	Recycling/recovery/composting ratio (%)	62.01



Rigorous
disclosureStakeholder
surveySocial and
cooperative
responsibilityUN sustainable
development
goals and Paris
Agreement**Member/client relations**

A distinctive member/client experience	Number of members and clients involved in the Net Promoter Score survey	308,000
Privacy protection	Proportion of employees who were trained on data protection (%)	96.0
Effective governance	Officer representation index in terms of the age and gender of members (%)	92.0

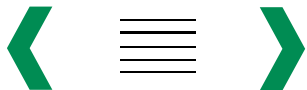
**Community relations**

Individual and collective entrepreneurship	Investments to support entrepreneurship (millions of \$)	4.3
A greener and more unified economy	Investments and financing to support renewable energy sectors (billions of \$)	2.15
	Number of member non-profit organizations (millions of \$)	41,713
Economic value for communities	Redistributions to members and the community (millions of \$)	320
Community commitment and investment	Ratio of member and community redistributions to surplus earnings before member dividends (%)	14.9

**Structure and processes**

Responsible supply chain	Value of purchases assessed based on sustainable development criteria (millions of \$)	720.4
ESG risks	Volume of assets subject to positive or negative ESG screening (billions of \$)	90.3
Ethics, integrity and compliance	Proportion of employees and officers who were trained on managing conflicts of interest (%)	50.6

This report is primarily for our members and clients and their communities. As such, the information is organized by areas and topics of interest to individuals, entrepreneurs, members of a cooperative, and citizens of communities and of the world.





UN SUSTAINABLE DEVELOPMENT GOALS AND PARIS AGREEMENT

Our contribution

Cooperatives and mutuals around the world have committed to supporting the UN Sustainable Development Goals (SDGs).

Rigorous
disclosure

Stakeholder
survey

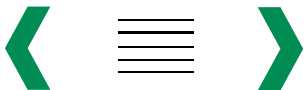
Social and
cooperative
responsibility

UN sustainable
development
goals and Paris
Agreement



In addition to disclosures on specific indicators, this report presents:

- Our contribution to achieving the SDGs, particularly those to end poverty, reduce inequality and protect the environment
- Our contribution to the Paris Agreement to reduce our carbon footprint and adapt to climate change
- Our new products, services, activities and commitments that reflect the pride we take in enriching the lives of people and communities



Over **7 million**
members and clients

4,351
elected officers

45,547
employees

\$320 million
redistributed to members
and communities

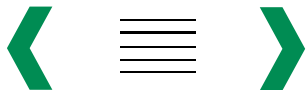
\$100 million
development fund

**A strong,
shared** commitment
to action on **climate
change**

18.0%
Tier 1A capital ratio

\$2,151 million
in surplus earnings

\$275.1
billion in assets





Guy Cormier
President and CEO
of Desjardins Group

I'm very proud of this report.

I'm proud of what we've achieved, I'm proud of our results, and I'm proud of the progress we've made toward our goals.

Members and clients: our singular focus

This report is a reflection of the efforts of our many dedicated officers, managers and employees over the past 12 months. Desjardins Group is a large, people-focused organization serving more than seven million members and clients. We're committed to enriching the lives of people and communities, and I want to thank everyone at Desjardins for all they do.

Thanks to our hard work, our net promoter scores for member/client satisfaction are on the rise. We're also attracting more members, including young people. But we're not about to stop there.

We're always looking for ways to do more for our members and clients. We're putting more tools and the vast resources of Desjardins at the fingertips of our front-line employees so they can provide members and clients with prompt, personalized assistance. We also want to deliver the same superior service when it comes to big financial goals and important life events.

Innovation benefiting members and clients

We're constantly innovating to provide our members and clients with even better service. They can do more on their mobile devices, tablets and computers all the time, like buying auto insurance and submitting a claim.

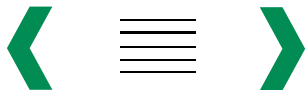
We opened our fifth Desjardins 360^d location catering to students and young adults on the Université Laval campus in Quebec City. We also launched Alert, which uses smart devices to help policyholders prevent property damage.

Within our organization, we're in the midst of a huge digital shift. We want to make more services available on mobile devices and enhance the member/client experience no matter how our members and clients interact with us.

Social and economic leadership for our communities

Over the past year, we've taken our social and economic leadership to the next level. Most regions greenlighted the first projects to be supported by our new \$100 million development fund. This initiative is near and dear to my heart, and I'm excited to see it come to fruition. By joining forces with partners and other businesses, we'll help local and regional projects get off the ground or make a bigger impact. In 2017, we committed \$20 million to some 70 projects.

The new Desjardins Capital SME fund will provide additional support to small businesses and regions. We've also partnered with the Caisse de dépôt et placement du Québec to launch an investment fund for financial technology and artificial intelligence in finance start-ups across Canada.



A renewed commitment to sustainability

One of our strategic priorities is to foster a sustainable, responsible economy. As part of our ongoing efforts to support the transition to a low-carbon economy, in 2017 we instituted new practices to more effectively tackle climate change. Together we're taking meaningful steps to meet Paris Agreement targets.

We've committed to becoming carbon-neutral, investing in new renewable energy initiatives, and reducing the carbon footprint of our publicly traded portfolios. We're gradually incorporating environmental, social and governance factors into the decisions made by our investment, financing, insurance and other business sectors.

With our line of green products and services, we encourage our members and clients to support this transition while pocketing the savings that come with greater energy efficiency.

In 2017, we also conducted a wide-ranging survey of stakeholders regarding sustainability reporting. They told us they share the priorities we currently address in our non-financial reports.

Closer ties with our Canadian cooperative partners

Through an exciting new partnership with a number of Canadian cooperative partners, we're creating Aviso Wealth. It will be one of Canada's

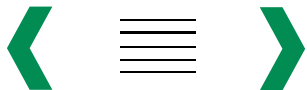
largest independent wealth management firms, with 500,000 clients and over \$55 billion in assets under management. Together, we're building a stronger cooperative movement across Canada.

Our nationwide expansion is also supported by the teams who joined us through our acquisition of State Farm Canada. In the spring of 2018, we'll begin moving from the State Farm name to Desjardins Insurance which will boost our brand recognition across the country.

The cooperative difference for young people

Our cooperative difference is on display in our strategic choices, our products and services, and our many educational programs. Personal Finance: I'm in Charge!, our popular financial literacy program for 16- to 25-year-olds, really hit its stride in 2017.

And during its first full year of existence, our Youth Advisory Board weighed in on a number of important issues, putting the views and concerns of young people front and centre for our Board of Directors and Management Committee.



A Congress focusing on members and clients

Our members and clients were also a central focus of our 23rd Congress and the intense preparation leading up to it. The priorities adopted by the more than 1,100 delegates in attendance will give our members a bigger say in the products and services we offer and a larger role in our cooperative difference, such as our community initiatives.

We also adopted priorities that will empower our elected officers and improve our decision-making agility. These changes will help us remain focused on the interests of our members and clients and meeting their expectations.

Other priorities include instituting new governance practices so our Board of Directors better reflects the diversity of our members, caisses and communities, and ensuring that the Board has the skills it needs to implement our strategic plan and serve our regulated financial cooperative well. Similar practices will be introduced in each of our caisses.

The Congress also featured a consultation on how to better recognize our members' relationship with us when determining member dividends. Our new approach will take effect in the spring of 2019.

Financial results that outperformed expectations

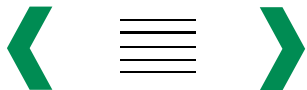
2017 was a busy year, and we did it all while outperforming our financial targets. We posted surplus earnings of \$2,151 million, up 21.4% from 2016, and our operating income climbed 9.5% to \$15,413 million. The numbers are clear. We're becoming more efficient and effective at meeting the needs and expectations of our members and clients.

Thanks to these strong results, we were able to give back \$320 million to our members and communities in 2017, even more than the year before. We also made big investments in our digital shift to help us exceed member and client expectations.

In 2018, we'll continue to diligently implement our strategic plan to make our member/client culture even stronger. And that is how we'll achieve our goal of being everyone's #1 choice.



Guy Cormier
President and CEO
of Desjardins Group



MEMBERS AND CLIENTS

When you choose
Desjardins,
you're making
change happen
for everyone.

Desjardins Foundation education
initiatives benefiting over
130,000 young people

Over **55,000** participations for the
Personal Finance: I'm in Charge®
program

Services tailored to the needs of
immigrants



When you choose Desjardins, you're making change happen for everyone.

1.1 Innovations

1.2 Exclusive advantages

1.3 Education and cooperation

1.4 Accessible services

1.5 Member/client experience

1.6 Data protection

1.1 INNOVATIONS THAT MAKE LIFE EASIER

Helping young people get off on the right financial foot

Getting that first job is a big milestone for teens and young adults. As money becomes a priority, they need a solid financial education to get them on the road to financial independence.

At Desjardins Group, we've developed a campaign and advisory approach specifically for 15- to 17-year-olds. Through our partnership with VRAK TV, we've produced educational videos to help young people find their first job, deposit their pay cheque, manage their day-to-day finances and save their money. The videos feature Mehdi Bousaidan, a young Algerian Canadian comedian and screenwriter popular with teens.

Because people are more likely to maintain habits they learn early in life, we make a point of reaching out to our young members. In 2017, we called up 15,000 new student loan borrowers and 123,000 members just setting out on their financial journey.

This assistance helps young people develop sound financial habits and gives us a better idea of what they need so we can design financial solutions just for them. It's also a chance for us to see if they really understand how student loans, credit, savings and other financial services work.

Tapping into smartphone technology

Paying by smartphone

Desjardins members and clients with a supported Android device now have another safe, simple way to pay with their phone: Google Pay.

We've been offering Apple Pay since 2016, and Mastercard has been supported on Apple Pay since 2017.

Logging on to AccèsD with facial recognition or touch ID

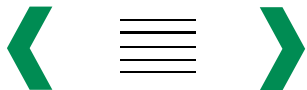
Desjardins members and clients with supported devices can now log on to AccèsD with their fingerprints. Facial recognition was also added following the release of Apple iPhone X, which uses this technology.

Doing more on the Desjardins Insurance Home-Auto app

The new Desjardins Insurance app gives members and clients direct access to their insurance account online. They can now view their insurance policies, submit claims, get quotes and more—right on their smartphone. We're the first Canadian insurer to offer a home and auto insurance mobile app. The Home-Auto app is also the gateway to two of our exclusive services—Ajusto and Alert.

Enjoying more features with the Desjardins Securities DSIA app

Desjardins Securities full-service brokerage account holders can now use the DSIA app to access account information, stock quotes, market data, watch lists, stock performance graphics and a host of other features.



When you choose Desjardins, you're making change happen for everyone.

1.1 Innovations

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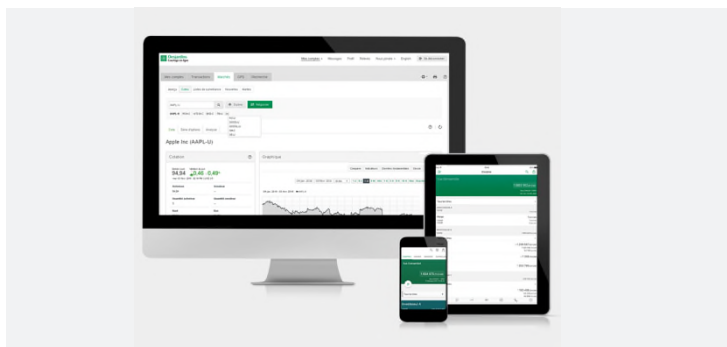
1.5 Member/client experience

1.6 Data protection

The new Desjardins Online Brokerage platform

Active Desjardins Online Brokerage investors can now use Market-Q, the new Disnat Direct platform.

One form is all it takes to open a Disnat Classic or Disnat Direct account and use Market-Q or the mobile app to make trades anytime. Switching platforms requires no additional paperwork, and clients keep their account numbers. Webinars and a video are available to help clients transition to the new platform.



Paying for public transit just got easier

In spring of 2017, Desjardins Group and the Société de transport de Laval (STL) launched a joint pilot project to test Visa and Mastercard payments on STL buses. STL is the first public transit company in Canada to test a credit card payment solution.

STL selected touch-free payment terminals like the ones found in most major retailers in Canada. With STL's Desjardins-developed Monetico payment solution, riders can just tap their credit card and go.

Shopping local with BONUSDOLLARS®

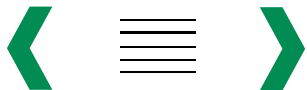
Desjardins has updated its BONUSDOLLARS® platform to enhance the user experience and add local products to its rewards catalogue to support local non-profits. BONUSDOLLARS® is a rewards program for eligible Desjardins credit card holders.

Preventing water damage with Alert

Desjardins Insurance launched Alert, a nationwide water damage prevention program. Clients with home insurance through Desjardins Insurance or The Personal who sign up for Alert receive a free water, freeze and humidity detector to place near a potential source of leaks. If a problem is detected, an alert is sent to the policyholder's smartphone so they can quickly take action to limit damage to their home. Being part of the program doesn't raise clients' insurance premiums or modify their coverage, no matter how many alerts they get or how they respond.

Protecting against flood

Desjardins Insurance has introduced new flood coverage. Members and clients who live in a low-risk area and already have groundwater and sewer backup coverage on their home insurance policy are now covered at no extra charge against damage caused by things like an overflowing body of water or a broken dam.



When you choose Desjardins, you're making change happen for everyone.

1.1 Innovations

1.2 **Exclusive advantages**

1.3 Education and cooperation

1.4 Accessible services

1.5 Member/client experience

1.6 Data protection

Over 1.5 million individual members have already taken advantage of our great offers.

1.2 EXCLUSIVE ADVANTAGES



EXCLUSIVE ADVANTAGES
FOR MEMBERS

Our members enjoy all kinds of exclusive perks we call Desjardins Member Advantages.

- Over 34 advantages for individuals, including many for young people, like free roadside assistance for members under 25
- 40 exclusive offers and privileges good at retail outlets and major events like the Festival d'été de Québec and the Grand Défi Pierre-Lavoie, with more added all the time

That's on top of member events and activities put on throughout the caisse network.

✚ To learn more about Desjardins Member Advantages:
<https://www.desjardins.com/advantages>

Free member assistance services

Desjardins is the first financial institution in Canada to offer all individual members free identity theft, estate, travel and roadside assistance services. This exclusive Member Advantage is just another example of our cooperative commitment to member well-being



Identity theft assistance

Members and clients can get help from an attorney who can personally guide them through the process of restoring their identity. Prevention assistance is also available to help members and clients safeguard their personal information.



Travel assistance

With travel assistance, our members and clients can get advice and assistance anytime before and during their trip, whether they're travelling outside their province of residence or abroad. They also have access to international travel assistance in the event of a medical or non-medical emergency, and family members travelling with them (spouse and children) can use this service as well.



Estate assistance

Estate assistance helps our members and clients better understand their obligations and the steps involved in planning, managing and settling an estate. They get access to our legal experts along with personalized support.



Roadside assistance

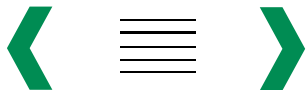
Desjardins Roadside Assistance® is available at no additional charge to Quebec members and clients 25 and younger with individual auto insurance through Desjardins Insurance or The Personal.

They get peace of mind knowing help is just a phone call away if their car breaks down or they have a roadside emergency in Canada or the continental United States. Basic service includes towing, battery boost, flat tire change, winching, locksmith service and fuel delivery.



To learn more about assistance services:
<https://www.desjardins.com/assistance-services>

® Desjardins Roadside Assistance is a registered trademark of Desjardins Financial Security Life Assurance Company used with permission by Desjardins General Insurance Inc. This program is administered by Assistel Inc.



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1.3 SUPPORT FOR EDUCATION AND COOPERATION

FINANCIAL AND COOPERATIVE EDUCATION > MANAGEMENT APPROACH



Financial education has always been at the heart of our mission. Because so many people today carry heavy debt and don't have much savings, financial literacy is an important social issue.



At Desjardins Group, we have a financial education policy that informs our education initiatives, guides employees' financial education efforts and incorporates financial education into our business practices.

Every year since 2011, we've used a share of our surplus earnings to fund the Co-opme program. Through this program, we implement a number of public initiatives focusing on cooperation and education. Regional and group caisses divisions encourage caisses to include these initiatives in their business plans. In 2017, \$8 million was invested to support and enhance Co-opme initiatives.



While it's too early to measure the long-term impact of these initiatives, we can share some statistics. Over 3.5 million visitors have viewed the Co-opme section of Desjardins.com, and we're currently running the numbers to determine how many people have taken advantage of our training offerings and online tools.

We also assess user satisfaction for certain programs, and we develop some of our programs with the help of key players in consumer protection and education.

For students and young people

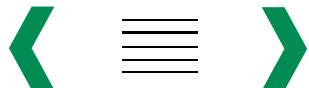
Supporting education

Desjardins Foundation

Helping young people stay in school and pursue their education

The Desjardins Foundation, the philanthropic arm of Desjardins Group, helps enrich the lives of individuals and communities by promoting education. The Foundation awards academic scholarships, provides direct assistance to young people through recognized partners and develops and distributes tools to help parents support their children throughout their schooling.

In 2017, the Desjardins Foundation gave \$2 million to help young people succeed and supported over 130,000 young people in Quebec and Ontario.



When you choose Desjardins, you're making change happen for everyone.

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Academic scholarships

In 2017, the Desjardins Foundation awarded 481 academic scholarships in Quebec and Ontario totalling \$873,000.

Other partnerships

- \$607,125 was awarded to partner organizations that work to keep kids in school and help them succeed academically. These organizations worked directly with 70,000 young people in 2017.
- \$175,000 was spent to develop tools for parents in cooperation with partner organizations. These tools helped over 30,000 parents support their children's development and academic success.

#DesjardinsFoundation Prizes

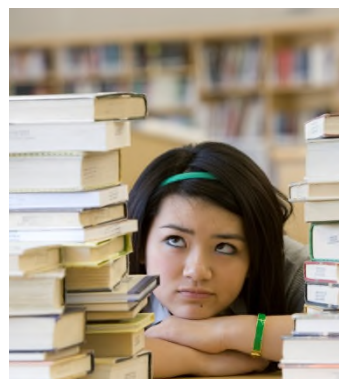
Through the #DesjardinsFoundation Prizes, we award school and community leaders grants of up to \$3,000 for projects benefiting preschool, elementary and high school students. Here are some statistics for 2017:

199 projects supported

\$451,958 awarded

29,345 young people in Quebec and Ontario impacted

+ To learn more about the Desjardins Foundation: www.desjardinsfoundation.com



Introducing programming to 8- to 12-year-olds with Code MTL

Desjardins has teamed up with Code MTL, an initiative of the Fondation de la Commission scolaire de Montréal that works to improve digital literacy among students ages 8 to 12 through visual programming.

Code MTL uses Scratch educational software, which has been used by 15 million children around the globe to create and share 24.2 million programming projects. It was developed by the renowned Massachusetts Institute of Technology in collaboration with Montreal's Playful Invention Company.

When you choose Desjardins, you're making change happen for everyone.

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1.6 Data protection

Teaching young people about money

The school caisse

FS16 

Since 1907, Desjardins has been working with parents and schools to educate children about saving. Together we teach elementary students the basics of saving, the economy and cooperation.

In 2017, 92,795 children in 1,424 schools were members of a school caisse. The 2017 numbers for www.schoolcaisse.com speak for themselves:

81,158 unique visitors—nearly twice as many as the year before

527,432 page views

1,991 workbooks downloaded

Nearly **10,000** new online enrolments

The site is full of activities, videos and games to:

- Help children become independent, responsible and capable
- Spark their interest in cooperative values
- Understand the importance of managing their money
- Get parents involved in their child's financial education

For the 2016–2017 school year, we paid \$266,174 in youth dividends to 25,538 eligible school caisse members ages 5 to 12 in Quebec and 5 to 14 in Ontario.

Learning with Charly & Max Get Involved!

FS16 

Charly & Max Get Involved! is an interactive game designed for students ages 6 to 11. It offers a fun approach to learning and teaches them the basics of cooperative and financial education through a 50-episode web series, quizzes, surveys and apps.



7,074 visitors played the game in 2017. More than a third of them played regularly, spending an average of seven minutes per visit.



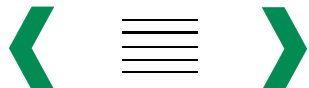
To learn more about Charly & Max Get Involved!: www.charlyandmax.com

Student caisse and LAB Finance: By and for high school students

FS16 

Student caisses are miniature Desjardins caisses run by student volunteers at 45 Quebec high schools.

A new pilot project called LAB Finance is under way in nine Quebec high schools. It caters to the needs of young people and high schools by providing a payment system, supporting entrepreneurial school projects and giving young people a chance to manage a cooperative.



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1.1 Innovations

1.2 Exclusive advantages

1.3 **Education and cooperation**

1.4 Accessible services

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Learning and preventing with the Youth Cybersecurity Challenge

The Desjardins Youth Cybersecurity Challenge is a competition capping eight weeks of theoretical and practical IT security training. Forty students from three high schools showed off their technical and analytical prowess during this first-of-its-kind event in Quebec. It's part of a larger talent development program for high school through university students that includes training, competitions and research projects.

For Desjardins, the Youth Cybersecurity Challenge is an opportunity to identify young people with a passion for computer security and encourage them to pursue an education in this field.

A new way to save with My Savings Plan

My Savings Plan is a Co-opme initiative that encourages 13- to 30-year-olds to save. Young people set savings goals, determine how quickly they want to achieve them and schedule regular transfers. If their financial situation changes, they can always adjust their transfers online or on their mobile device. They have access to personalized advice in person, online and over the phone, and get great daily interest rates, an annual bonus, and an additional bonus when they reach their savings goals. If something comes up and derails their plan, they can get their savings back, including any bonuses earned.

Delving into money management with My Finance 101 workshops

In 2017, Quebec and Ontario caisse advisors put on 409 75-minute financial education workshops for 10,792 students from 187 high schools. The workshops covered 16 subjects, including saving, credit, budgeting, financial aid and information security.

Planning your financial future with Personal Finance: I'm in Charge®

FS16 GRI

**PERSONAL FINANCE:
I'M IN CHARGE®**
EDUCATIONAL PROGRAM

Personal Finance: I'm in Charge® is a distinctive, highly successful financial education program for 16- to 25-year-olds and newcomers to Canada. It addresses such pressing issues as high debt levels and peer pressure to spend.

The program has 16 modules on topics relevant to young people. It's put on by Desjardins-accredited trainers through a partnership between community organizations, schools and local caisses.

2017 by the numbers:

Over \$1 million invested by the Fédération des caisses Desjardins du Québec and caisses

55,418 participants, for a total of over **130,000** since 2013

188 caisses in **18** regions of Quebec and Ontario

90 community and school partners, including **4** CEGEPs and **24** Centres de Formation en Entreprise et Récupération in Quebec

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FOR ADULTS

Getting serious about personal finance with #soadult

FS16 

Young people today are taking longer to achieve financial independence. They stay in school longer, live at home longer, enter the job market later and start a family later.

We've created a digital campaign called #soadult to encourage 18- to 30-year-olds to make the transition to adulthood. It offers advice and financial education without the sales pitch through a series of funny videos. Topics include paying credit card balances in full and on time, starting to set money aside early and saving for a rainy day. The videos speak to young people in language they understand.

Over the past two years, #soadult has been teaching young people the importance of taking charge of their personal finances and has made a real difference. The campaign has been very well received by 18- to 30-year-olds and garnered a lot of positive feedback on social media.

Investing in the stock market with Broker@ge 18-30

Broker@ge 18-30 is an exclusive Desjardins Online Brokerage (Disnat) offer that teaches 18- to 30-year-olds, especially those interested in investing in the stock market, about the importance of managing their finances. In 2017, 2,000 young people across Canada attended more than 20 seminars at universities and other locations.

Over 6,000 young people have taken advantage of this exclusive Desjardins Online Brokerage offer since it was launched in January 2016.

+ To learn more: <https://www.disnat.com/en/benefits/brokerage18-30>

Taking charge of your finances with My Budget **FS16**

In AccèsD, our members have access to My Budget, a free personal finance tool. It offers a 3-step approach to simpler money management:

- Watch money go in and out
- Get a handle on spending
- Set savings objectives to achieve financial goals

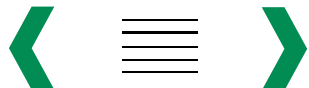
An average of 100,000 members use My Budget each month.

Personal finance newsletters **FS16**

Nearly a million individual and business members receive a caisse newsletter each month. They contain personal finance advice and action plans from the Co-opme section of Desjardins.com.

NEWSLETTER


The 140 caisses and Desjardins Business centres that send them often include personalized information and local activities.



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- 1.3 Education and cooperation**
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Becoming a better investor

Each year, Desjardins Online Brokerage (Disnat) puts on over 250 financial education events to help members and clients boost their investing IQ and make informed investment decisions. Videos, a calendar of events and other resources are available in the online learning centre. These financial education events are part of our commitment to helping members and clients become better investors.

+ To learn more: <https://www.disnat.com/en/learning>

Personalized videos on group retirement savings

Informational videos are available on the Desjardins group retirement savings plan site. These videos are the first of their kind in the industry to feature member-specific information. Plan members get personalized recommendations on topics like setting retirement goals, determining their investor profile and increasing their contributions.

Getting budgets back on track with the Mutual Assistance Fund



The Desjardins Mutual Assistance Fund provides individuals experiencing financial hardship with budget counselling and emergency loans. This allows recipients to fix their short-term budget problems so they can make lasting changes to their spending and financial management habits.

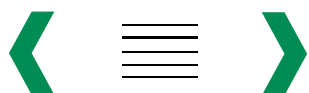
This successful program is a partnership between Desjardins Group and a number of community organizations specializing in financial education and budget counselling.

Desjardins Mutual Assistance Fund	2017	2016	2015
Caisse participation rate	71.0%	65.0%	64.0%
Number of people supported	8,431	7,719	4,923
Number of loans extended	634	693	602
Total amount financed	\$418,943	\$415,133	\$368,663



In 2017, 19,242 people received financial education and assistance through the Desjardins Mutual Assistance Fund.

+ To learn more about the Desjardins Mutual Assistance Fund: <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/responsible-financial-products-services/solidarity-based-finance/mutual-assistance-fund>



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Educating policyholders about risk prevention

On Desjardins.com, we've started new blogs featuring helpful information on home, auto and business insurance.

They're the most recent initiative in our longstanding effort to educate policyholders about risk prevention so they can protect their property. We also have web pages where they can learn about prevention tips, the tenant challenge, weathering change and home, auto and business insurance.

For immigrants

Helping newcomers get on their feet **FS14**

Desjardins.com

The newcomers section of Desjardins.com has a caisse locator where people can find a caisse that provides service in their language. Dozens of languages are offered, including sign language. We also have 13 caisses and service centres that cater to cultural communities (Italian, Lithuanian, Portuguese and Ukrainian).

Teams and locations serving immigrants

Newcomers have a lot on their plate when they arrive in Canada. They need to find a job and housing, which means money can be tight. Our dedicated newcomer team and caisse network service centres can provide expert advice to help them start their new life here.

Offers for newcomers

- A number of advantages, including no service charges for one year for eligible newcomers
- Credit card with no security deposit or Canadian credit history required
- Option of opening an account from their home country

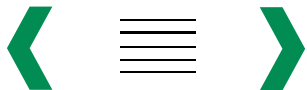
- Option of transferring funds to their Canadian account before they arrive
- Access to Visitors to Canada Insurance for newcomers awaiting provincial health insurance and visa holders without health insurance
- Auto insurance quotes that take into account foreign driving experience

Immigration fair

Desjardins has been an official sponsor of the Salon de l'immigration et de l'intégration au Québec for six years now. We give attendees information on all our products and services and help them open accounts on the spot.

Welcoming international students at Montréal-Trudeau Airport

The Bureau de coopération interuniversitaire chose our financial institution to welcome international students arriving in Canada to attend university or college.



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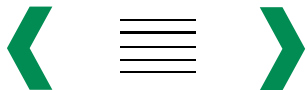
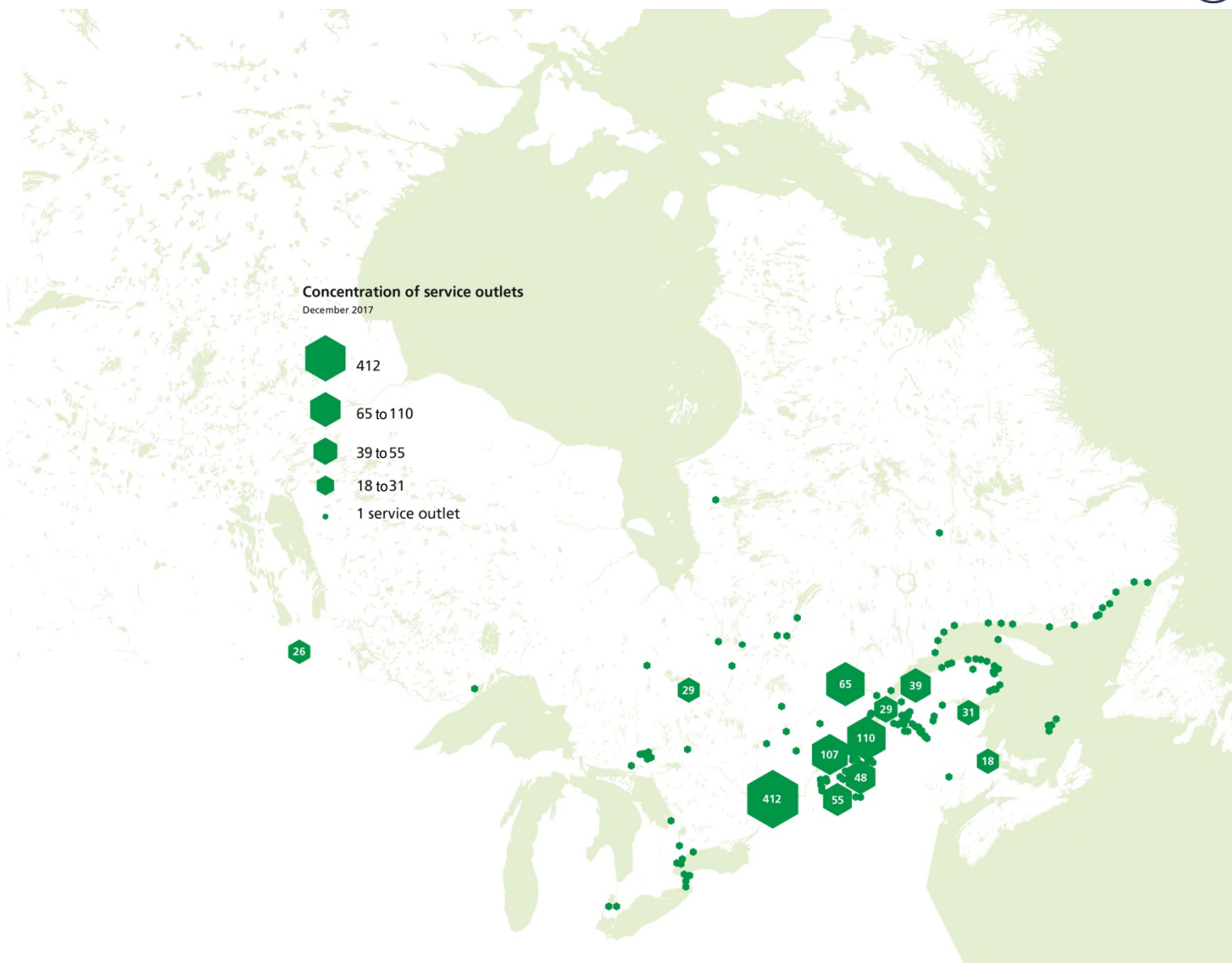
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1.4 ACCESSIBLE SERVICES AND EXPERTS

G4-6 GRI



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IN QUEBEC AND ONTARIO

In Quebec and Ontario, members have access to:

- 293 caisses
- 1,032 points of service, including caisse head offices and service centres
- 2,049 ATMs
- 35 Desjardins Business centres

Desjardins has more locations than any other financial institution in Quebec, especially in outlying areas with low population densities where we're often the only financial institution.

In Ontario, the caisse network includes:

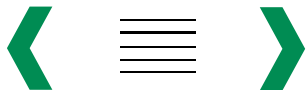
- 12 caisses with 50 service centres and 67 ATMs
- 12 caisses with 25 points of service and 30 ATMs with no Interac fees through our agreement with Alliance des caisses populaires de l'Ontario limitée
- A Desjardins service centre in the heart of Toronto's financial district offering our full line of Desjardins products and services under one roof. This centre also assists individual and business caisse members in Quebec and Ontario looking to move to Toronto.

Quebec and Ontario members and clients have access to thousands of employees and advisors in our life and health insurance, property and casualty insurance, securities and wealth management subsidiaries.

Other ways we're making it easier to access our products and services

FS14 GRI

- Virtually all our ATMs are accessible to those with visual impairments and reduced mobility.
- Members who cannot use an ATM due to a permanent disability are eligible for ATM rates even if they complete their transactions at the teller.
- All our solidarity-based financing products and related budget counselling and education services are available to those in need.
- All new content on Desjardins websites and mobile apps (Desjardins.com, AccèsD, etc.) meets accessibility standards, including W3C's internationally-recognized Web Content Accessibility Guidelines (WCAG 2.0 AA).
- In 2015, our property and casualty insurance sector rolled out a technology and visual platform for online auto quotes and after-sales service. It is WCAG 2.0 compliant so it's more accessible to people with disabilities.
- With electronic signature, individual members and non-members alike can now open an account online in 10 minutes without having to come in to a caisse.



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Changing to meet and anticipate expectations

We're constantly rethinking the way we operate to meet members' ever-changing needs.

In 2017, our members completed 1.5 billion transactions on our web and mobile apps. That's 25% more than the year before. Meanwhile teller and ATM transactions declined 7.6% and 6.8%, respectively.

We're currently updating all our ATMs to feature the latest technology, including envelope-free deposits and more denomination options.

We've also made big investments in innovation in recent years. Most new services are tested in Montreal before being rolled out in other regions.

A new Desjardins 360^d centre in Quebec City

A new Desjardins 360^d centre opened in December 2017 inside the caisse on the Université Laval campus. This location is geared toward 18- to 30-year-olds and offers a relaxed atmosphere where students can discuss their career ambitions and other goals.

Desjardins Financial Centre – Downtown Ottawa and Desjardins – Montréal Alexis Nihon

At Desjardins Financial Centre – Downtown Ottawa and Desjardins – Montréal Alexis Nihon, everyone can get expert advice to help them achieve their financial goals. These locations have convenient Saturday and Sunday hours and cater to members of cultural communities who live and work in these areas.

Mobile branch: Bringing Desjardins to members

The Desjardins mobile branch is another innovative way members can do business with Desjardins. This bus-turned-caisse lets members complete transactions securely in a friendly, modern atmosphere. Members and clients can walk in and chat with an advisor, complete teller transactions and use the ATM.

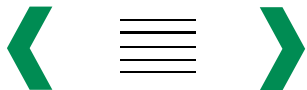
This retail-inspired concept is used in a variety of settings primarily for business development. The mobile branch can also be used as a temporary caisse in the event of a closure due to a natural disaster or other emergency.

Our commitment to the environment is on display in the mobile branch as well. Solar panels power the branch, and the bus runs on biodiesel fuel.



Signature Service continues to expand

Signature Service assists members who have sophisticated financial needs. 2017 saw the opening of six new locations in Saguenay—Lac-St-Jean—Charlevoix, Mauricie, Sud-Ouest de la Montérégie, Lanaudière, Bas-St-Laurent—Gaspésie—Îles-de-la-Madeleine and Toronto, bringing the total number of Signature Service locations to 11.



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Providing more service by phone

As of December 31, 2017, 213 caisses offered telephone service from 6 a.m. to 10 p.m. on weekdays and from 8:30 a.m. to 4:00 p.m. on weekends and holidays. Members can get information and advice about banking and investing and make an appointment with a caisse advisor. Many caisses have also extended their hours and are now open on weekends to accommodate their members' schedules. Small businesses can use the Online Business Centre Monday through Friday from 8:00 a.m. to 8:00 p.m.



Since 2017, telephone service advisors have had greater flexibility to assist members and clients. They can now release larger sums of money, increase direct payment and ATM withdrawal limits and reactivate inactive accounts. We've also standardized the service provided by our client care centres to ensure members and clients receive prompt service no matter what number they call.

IN THE REST OF CANADA

G4-9 GRI

Outside Quebec and Ontario, we rely on the cooperative community, the Manitoba and Acadie caisses, and our life and health insurance, property and casualty insurance, and securities subsidiaries to offer our members and clients financial products and services tailored to their needs.

- 78 points of service and 113 ATMs in Manitoba and New Brunswick through our partners Caisse Financial Group (Manitoba) and UNI Financial Cooperation (New Brunswick).
- Thousands of advisors and representatives in our affiliate networks also offer our products and services to individuals and businesses. These networks include Desjardins Financial Security Independent Network, Desjardins Financial Security Investments and the 500 State Farm Canada agencies acquired in 2015.

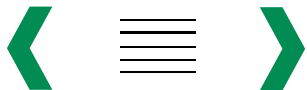
We've also penned an agreement with the provincial credit union centrals and CUMIS to create Aviso Wealth, one of Canada's largest wealth management firms. This merger of Qtrade and NEI Investments with Credential Financial will

strengthen our ties with Canada's credit union network and accelerate our nationwide expansion. It should be finalized in the first half of 2018.

IN FLORIDA

Desjardins Bank serves Desjardins caisse members and Canadians in Florida and across the United States. Our members can use Desjardins Bank whether they're permanent residents, snow birds or just visitors.

Desjardins Bank's head office and three service centres are in areas popular with Canadians: Hallandale Beach, Pompano Beach, Lauderhill and Boynton Beach. Desjardins Bank provides quality service in English and French at these locations.



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IN EUROPE

Last year, our representative office in Europe helped boost Desjardins's visibility in the individual and business markets. It opened nearly 1,100 new accounts—a 10% increase over the previous year.

ONLINE

On social media

Social media is the best way to communicate with many of our members and clients. Desjardins manages vibrant, active online communities. We have:



280,000 followers on Facebook
<https://www.facebook.com/Desjardinsgroup/>



7 million views on YouTube
<https://www.youtube.com/user/desjardinsgroup>



72,000 followers on LinkedIn
www.linkedin.com/company/desjardins



24,500 followers on Twitter
twitter.com/desjardinscoop



8,000 followers on Instagram
instagram.com/desjardinscoop

Over 125 caisses use Facebook to communicate with their members and get their input. Each week, over two million people view Desjardins's Facebook posts.

Providing better service with artificial intelligence

At Desjardins, we're using financial technology to enhance our products and services and provide our members and clients with the best possible experience. Artificial intelligence (AI) is one tool we're using to deliver more personalized service.

Epsylio is a unique, personalized AI solution for Desjardins Insurance group insurance plans. Members can use this real-time web platform to find answers to personal and professional issues without seeking help from a professional. Epsylio is used in tandem with other services typically provided by employee assistance programs. It's geared toward independent individuals who prefer online resources over traditional consultations.

We also use artificial intelligence to provide savings and investment advice. Members and clients can get personalized guidance from a virtual assistant that can help with everything from booking an appointment and navigating AccèsD to assisting DIY investors with the online brokerage.



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1.5 THE MEMBER/CLIENT EXPERIENCE

MEMBER/CLIENT EXPERIENCE ➤ MANAGEMENT APPROACH



We're a cooperative financial group serving individuals and communities, so we're keenly focused on member and client satisfaction.

We ensure that our service meets or exceeds member and client expectations. In 2017, we implemented a number of initiatives to ensure we deliver quality service and a distinctive experience.

In order to continuously improve our service, we keep close tabs on our Net Promoter Score. This universally-recognized metric is used to get to the root of client dissatisfaction and identify practices that deliver added value.



MEMBER FEEDBACK MECHANISMS

Moments of truth and feedback loops

Moments of truth are service interactions. When we measure these moments, we encourage members and clients to share their concerns and expectations and be contacted by a manager if they so desire. We use the results to improve our service.

Perception metrics

We frequently assess the likelihood that our members and clients will recommend us to their friends and family. This helps us track our results over time, determine our members' and clients' changing needs and identify areas for improvement. Perception metrics are used in our wealth management and life and health insurance sectors.

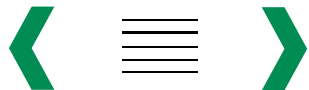
Mystery clients

We regularly ask real consumers to evaluate the service they receive at Desjardins caisses to see if it meets our standards.

Member/client satisfaction surveys

We conduct three online surveys each quarter to assess user satisfaction with our web and mobile services, including Desjardins.com and AccèsD Internet and mobile. We also conduct a monthly phone survey of AccèsD Internet users.

In November 2017, we began sending an email questionnaire to members and clients who have contacted a Desjardins client care centre. The results are analyzed and used in our continuous improvement process.



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MEMBER/CLIENT EXPERIENCE > MANAGEMENT APPROACH (continued)



Usability tests

We conduct usability tests with members and clients to get quick feedback on online initiatives before we officially launch them.

Desjardins Web Panels

We ask members and clients who have expressed an interest in sharing their views and experiences to take part in Desjardins Web Panels. Participants get a say in product and service development and help us better understand their needs and expectations.

Internet and social media

We have a dedicated social media team that handles complaints and negative feedback posted on social media sites like Facebook and Twitter. The AccèsD team handles all other complaints, negative feedback and suggestions we receive online.

Focus groups

We conduct in-person and online focus groups to get detailed qualitative data from our members and clients. Topics include needs and expectations regarding products and services, changes made in response to member/client feedback, opinions about advertising campaigns and concepts, and how Desjardins Group's cooperative values are reflected in our operations and community initiatives.

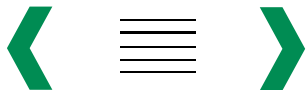
Online communities

We use online communities to get qualitative data on member/client needs, expectations and behaviours. Online communities have 25 to 50 individuals who are asked to complete a workbook over the course of several days. Workbook activities encourage personal reflection and group discussion.

Complaints procedure

Caisse network

The Member Services team handles unresolved banking complaints originating in Desjardins caisses, Desjardins Business centres and client care centres. The team stays in touch with the members and clients concerned via phone, mail and email. It also reviews complaints from across the organization to compile a list of frustrations and suggest improvements.



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MEMBER/CLIENT EXPERIENCE > MANAGEMENT APPROACH (continued)



Subsidiaries

Each Desjardins subsidiary has its own complaints department.

Ombudsman

The Desjardins Group Ombudsman is the final in-house arbiter of complaints. They offer an independent avenue to adjudicate unresolved complaints. The Ombudsman impartially hears both parties and reviews the documentation available, and recommends ways we can improve our products and services.



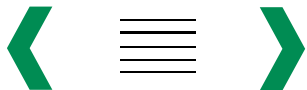
SATISFACTION SURVEYS

PR5 GRI

We measured over 30 moments of truth in 2017. Because we've measured most of them before, we were able to compare our results from the previous year to gauge the effectiveness of our initiatives.

We also surveyed 308,000 members and clients to determine our Net Promoter Score.

Member and client feedback revealed that our main strength is the service our advisors and agents provide. We're always encouraging colleagues to share best practices to offer consistent service across the organization.



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1.6 DATA PROTECTION

MEMBER AND CLIENT PRIVACY AND DATA PROTECTION MANAGEMENT APPROACH



As a financial institution, we have a duty to protect the confidentiality of our members' and clients' information.

Member and client privacy is protected by our Privacy Policy and Code of Professional Conduct. Failure to comply with these governance documents can result in disciplinary action up to and including dismissal.

The Privacy Policy sets out our principles and guidelines for the collection, retention, use, communication, storage and destruction of personal information.

It also requires a Privacy Compliance Program to be put in place. Each Desjardins component must appoint a regulatory compliance officer and train employees on the importance of protecting personal information.

Privacy complaints are subject to a different regulatory framework than other complaints. Each Desjardins component must comply with applicable regulations and review and handle legitimate complaints using a process tailored to its line of business and operations.

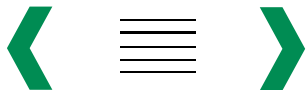
At Desjardins Group, the Chief Privacy Officer is responsible for ensuring sound privacy governance.

The Privacy Compliance Program encompasses regulatory risk monitoring so that the compliance function can report on the adequacy, effectiveness and application of the control mechanisms in place.

The Chief Compliance Officer also reviews changes to the Compliance Program and compares it against the target to ensure we are making continuous, consistent improvements.

The Desjardins Group Monitoring Office independently reviews the design and effectiveness of the compliance management framework.

Desjardins Group has instituted a formal mechanism for reporting to senior management and various decision-making bodies to ensure oversight of compliance issues.



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RAISING ORGANIZATIONAL AWARENESS OF DATA PROTECTION

PR10 GRI

We offer two training courses, People at the Heart of Information Protection and Information Security, so that all Desjardins officers, managers and employees can help reduce the risk of information being lost, stolen or leaked. We also provide training workshops for specific teams. In 2017, 10,303 Desjardins Group employees and officers completed the People at the Heart of Information Protection training course, and 7,304 completed the Information Security course. To date, 96% of employees have completed at least one of the courses.

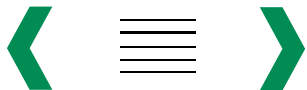
We also use our internal portals to regularly remind officers, employees and managers of how important it is to protect our members' and clients' personal information. We provide quick reference guides and links to useful information to help them comply with our regulatory requirements.



Protecting and leveraging data with IVADO

At Desjardins, we use state-of-the-art technology to meet member and client needs. That means we need the latest expertise to bring to bear technological advances in data leveraging and artificial intelligence.

That's why we've partnered with IVADO, the Institute for Data Valorisation. IVADO brings together industry professionals and academic researchers to develop cutting-edge expertise in data science, operational research and artificial intelligence. Collaborators and academic partners include HEC Montréal, Polytechnique Montréal and Université de Montréal. This partnership gives us access to a hub of expertise and talent to help us address our business needs more quickly, especially in the areas of cybersecurity and advanced analytics.



ENTREPRENEURS

When you choose
Desjardins,
you're making
change happen
for businesses.

New funds helping businesses grow

Microfinance programs helping
business owners achieve their goals

New ideas generated by Desjardins
Lab and its partners



When you choose Desjardins, you're making change happen for businesses.

- 2.1 **Simpler management**
- 2.2 Responsible performance
- 2.3 Advantages for entrepreneurs
- 2.4 Business beginnings
- 2.5 Entrepreneurs worldwide

2.1 SIMPLER BUSINESS MANAGEMENT

Getting businesses up and running **FS16** GRI

New business members can take advantage of exclusive financial offers and online tools included with the welcome kit. Our experts are also happy to help them with the day-to-day management of their business.

Whatever the size of their business or the stage it's in (start-up, growth, or transfer), business members can get access to expert advice on the [Your Business](#) section of Co-opme on Desjardins.com. This section includes:

- Key content and information
- Inspiring success stories
- A blog on hot topics
- Decision-making tools (interactive business and marketing plans)
- Topic-based fact sheets

+ To learn more:
<https://www.desjardins.com/ca/business/projects/start-your-own-business/welcome-kit/index.jsp>



Tips and tools for entrepreneurs

FS16 GRI

Entrepreneurs have access to decision-making tools in the Tools and Tips for Your Company section on Desjardins.com. These include interactive business and marketing plans, the Billing and Expense Tracker and more than 60 fact sheets on the business stages.

The Billing and Expense Tracker helps entrepreneurs prepare quotes, do their billing, create a product catalogue and securely transfer information to third parties, like their accountant. In this section, they'll also find useful tips and information on the Energy-Efficiency Loan, business ownership transfer and how to do business on the international market.

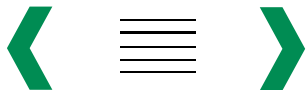
With our large network of experienced directors, we're able to help entrepreneurs set up governance bodies, such as a board of directors or an advisory committee. Approximately 80 out of more than 225 potential directors are already active with partner businesses.

+ To learn more:
<https://www.desjardins.com/ca/co-opme/business/tip-sheets/index.jsp?navigMW=mm&>

Protecting businesses' information **FS16** GRI

Every day, entrepreneurs face new risks like data theft, fraud, hacking and ransomware that threaten the productivity, competitiveness and growth of their business. The consequences can be disastrous. The Desjardins Cybersecurity Kit has tools and advice to help them protect against cyberattack.

+ To learn more:
<https://www.desjardins.com/ca/protect-your-business-against-cyberattacks/index.jsp>



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Fighting fraud with the I Keep It to Myself campaign

For the second year in a row, Desjardins Group, National Bank and Laurentian Bank joined forces during Cyber Security Awareness Month to sponsor the I Keep It to Myself campaign.

This year the campaign expanded its focus to include businesses as well as individuals. Throughout the month, podcasts, articles, tips and videos were posted to help the public and entrepreneurs better understand their cybersecurity risks.

Helping small businesses grow at home and abroad

Supporting start-ups with the fintech fund

Desjardins Group and the Caisse de dépôt et placement du Québec announced the creation of an investment fund focusing solely on the financial technology (fintech) sector and finance artificial intelligence.

Together we will invest the equivalent of \$50 million in the fund, which will target firms that develop technology for investments, payments, client acquisition and retention, data analytics, deposits and loans, security, and insurance.

Growing businesses with the Desjardins Capital SME fund

EC8 

The Desjardins Capital SME fund is a unique initiative to invest up to \$500 million in Quebec small and medium-sized enterprises (SMEs) over the next five years. Individual investments of \$100,000 to \$10 million will be made to support local businesses and keep them in Quebec.

Expanding across the Atlantic with Desjardins Capital and Siparex

EC8 

Desjardins has also joined forces with Europe's Siparex to help local businesses hop the pond. Through this strategic

alliance, we'll support Quebec entrepreneurship by helping local business owners expand to the European market. We'll also advise Quebec SMEs on best governance practices and provide key information on the cultural, regulatory and fiscal landscape of markets around the world.

Conquering the French market

FS16 

The guide *Entreprendre et conquérir le marché français* (Taking on and conquering the French market) is designed for entrepreneurs and investors who want to do business in France. It covers the French banking system, reviews some economic, legal and tax differences and contains a wealth of information for Quebec-based entrepreneurs.

The Desjardins International Gateway is a service available to help businesses with international growth, regardless of their industry. It includes a solid network of partners from around the world backed by 30 years of experience.

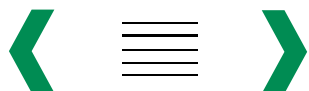
Educating business owners about sleep disorders

Desjardins Group put together webcasts and seminars in four major Canadian cities to educate business owners about sleep disorders. We also encouraged them to incorporate a sleep health program into their employee health and wellness strategy.

Through our optimal health management approach, we do more than just provide insurance plans for groups and businesses—we help them find real solutions for their employees.

Building successful, lasting relationships

In 2017, we reached out to entrepreneurs who completed the Prêt à Entreprendre program to reaffirm our commitment to helping them grow their business.



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2.1 **Simpler management**

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2.2 RESPONSIBLE PERFORMANCE

FS8 

Loans to help businesses go green

Launched in 2010, the Desjardins Energy-Efficiency Loan is a unique, cutting-edge product on the North American market. It's designed to help businesses upgrade their equipment, buildings and vehicle fleet. Through our partnership with the Association québécoise pour la maîtrise de l'énergie (AQME), we also provide free assistance in energy efficiency with this product.

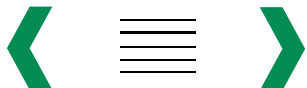
The Energy-Efficiency Loan helps businesses generate substantial savings and increase their profitability while reducing their environmental footprint. Since 2014, our business members have saved more than \$4 million thanks to the Desjardins Energy-Efficiency Loan.

Potential savings generated through the Desjardins Energy-Efficiency Loan¹

	2017	2016	2015	2014	Total
Electricity (in kWh)	728,000	7,678,635	12,615,652	690,504	20,984,790
Natural gas (in m ³)	383,510	201,400	266,856	947,453	1,820,719
Oil (in litres)	122,000	165,088	171,600	2,865	461,553
Propane (in litres)	0	446,000	0	0	446,000
Gas (in litres)	0	4,100	484,931	0	489,031
Diesel (in litres)	80,000	103,760	568,372	126,000	878,132
Greenhouse gas equivalent (in metric tons of CO ₂ equivalent)	1,281	2,149	3,703	1,819	8,993
Savings (in billions of \$)	357.0	1,034.6	2,246.4	382.4	4,020.4

¹ Data provided by the AQME. Available from 2014 only.

➤ To learn more: <https://www.desjardins.com/ca/business/financing-credit/long-term-financing/energy-efficiency-loan/index.jsp>



When you choose Desjardins, you're making change happen for businesses.

- 2.1 **Simpler management**
- 2.2 **Responsible performance**
- 2.3 **Advantages for entrepreneurs**
- 2.4 **Business beginnings**
- 2.5 **Entrepreneurs worldwide**

Profitability and environmental performance

Entrepreneurs have access to a range of financial products that encourage them to go green and stay green.

- Commercial vehicle insurance: savings of 10% to 20% for hybrid, electric and fuel-efficient vehicles
- Commercial building insurance: savings of 10% for LEED-certified buildings
- Energy-Efficiency Loans: financing of up to 100% of the total cost of energy efficiency renovations

Environmentally-conscious insurance

Desjardins offers eco-friendly, economical insurance products to Quebec-based business owners who care about the environment.

Green savings for commercial vehicles:

- 10% for fuel-efficient vehicles
- 15% for hybrid vehicles
- 20% for electric vehicles

Types of vehicles covered:

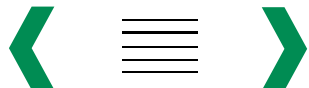
- Delivery and transport vehicles
- Trucks and trailers
- Heavy vehicles
- Service vehicles
- Passenger vehicles used for business

Green savings for LEED-certified buildings:

- 10% off

Types of buildings covered:

- Commercial buildings
- Apartment buildings
- Condominium buildings



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More than 150,000 business members have already used their Desjardins Member Advantages.

2.3 EXCLUSIVE ADVANTAGES FOR OUR BUSINESS MEMBERS



EXCLUSIVE ADVANTAGES FOR MEMBERS

Our business members have access to 20 exclusive advantages to help them manage their business, in addition to advantages for individual members. These advantages help meet the needs of businesses of all sizes and include a welcome kit and payment, financing, insurance and savings solutions.

+ To learn more: <https://www.desjardins.com/ca/business/member-advantages/index.jsp>

2.4 BRIGHT BUSINESS BEGINNINGS

Capital to help regions and cooperatives grow



Our Desjardins Capital investments generate a number of positive economic spinoffs in regional economies. In addition to creating and maintaining jobs in these areas, these investments:

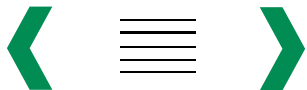
- Encourage entrepreneurship in younger generations
- Boost productivity and help businesses branch out to new markets
- Promote the emergence of leading companies across a range of industries
- Keep homegrown businesses from leaving

Desjardins Capital has introduced innovative solutions in the form of partnerships to help local SMEs and cooperatives in Quebec achieve their full potential. It also helps and lends its expertise to specialized businesses that support tech start-ups.

As at December 31, 2017, we've committed \$1.1 billion to 450 businesses, cooperatives and funds to create or maintain some 67,000 jobs. 337 of these businesses are outside Montreal and Quebec City and received support totalling \$704 million. We also provided \$196 million in support to 18 cooperatives. Since 2014, we've committed \$32.9 million to regional county municipalities in economic decline.

Funds associated with Desjardins Capital include:

- Capital régional et coopératif Desjardins, a public fund with over 105,000 shareholders
- Fonds Capital croissance PME, created in collaboration with the Caisse de dépôt et placement du Québec to support growth, expansion and acquisition
- Desjardins – Innovatech, which provides support to companies in tech innovation
- Société en commandite Eссор et Coopération, created in collaboration with the Conseil québécois de la coopération et de la mutualité to support cooperative development
- Desjardins Capital SME, created with Desjardins Private Wealth Management to support growth, expansion and acquisition
- Fonds Relève Québec, which provides business transfer support for new business owners
- Fonds Prêt à Entreprendre, which provides both financial and technical support for new business owners
- Fonds d'investissement pour la relève agricole, which provides support to young people with plans for a start-up, expansion or transfer, specifically in the farming industry



When you choose Desjardins, you're making change happen for businesses.

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- 2.5 Entrepreneurs worldwide

CRÉAVENIR

This financing helped young entrepreneurs attract **\$15 million** in investments for their businesses.

Economic spinoffs in Quebec from Desjardins Capital

2017

Development capital investments at cost	\$999.3 million
Investments at cost in cooperatives or other businesses located in resource regions	\$268.7 million
Development capital investments at cost in regional county municipalities identified as being in economic decline (since 2014)	\$32.9 million

Solidarity-based financing

FS7 GRI

We've entered into strategic partnerships with community organizations to continue to expand our solidarity-based financing activities throughout Quebec. In 2017, we invested \$8 million in these programs.

CRÉAVENIR

FS7 GRI

CRÉAVENIR is a financing program launched in 2007 that supports young entrepreneurs looking to start up a business. Loan proceeds can be used as working capital for the business, and none of the usual down payments or security deposits are required. The program also has a financial education component, and mentoring is provided by local partners with business expertise. We're gradually offering this product across Quebec.

CRÉAVENIR is open to caisse members between the ages of 18 and 35 who have a public company or cooperative that:

- Isn't off the ground yet
- Has been in business for less than three years

2017 results

	Financing: \$1,607,716 (131 business projects)	Average financing amount: \$12,275 (over 20% in the form of grants)	Jobs created or maintained: 491
CRÉAVENIR	2017	2016	2015
Caisse participation rate	53.5%	44.0%	24.5%
Total loans	\$1,262,047	\$933,334	\$777,955
Total grants	\$345,669	\$215,266	\$267,778



+ To learn more about CRÉAVENIR: <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/responsible-financial-products-services/solidarity-based-finance/creavenir>

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- 2.5 **Entrepreneurs worldwide**

Desjardins Microcredit to Businesses

Desjardins Microcredit to Businesses, launched in 2004, is a program providing micro-entrepreneurs and self-employed workers with the support they need to consolidate their businesses or get them off the ground. The program includes financial coaching services provided by members of the MicroEntreprendre network and financing from participating caisses. The program is available to:

- Micro-entrepreneurs and self-employed workers who have little or no access to traditional credit
- Newcomers to Canada who need support financing a start-up

2017 results

Entrepreneurs supported: 527 (79 businesses)	Average financing amount: \$7,130	Jobs created or maintained: 185	Repayment rate: 94%
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Desjardins Microcredit to Businesses	2017	2016	2015
Caisse participation rate	49.0%	43.0%	41.0%
Total loans	\$563,257	\$503,174	\$408,964

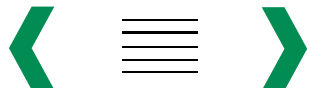
+ To learn more:
<https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/responsible-financial-products-services/solidarity-based-finance/microcredit/>

In 2017, we invested \$4.3 million in entrepreneurs and entrepreneurship in the form of grants, sponsorships, partnerships and our CRÉAVENIR and Desjardins Microcredit to Businesses programs.



Desjardins Microcredit to Businesses

This financing helped businesses attract **\$2.5 million** in investments.



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Encouraging young people to go into business

Helping local immigrant entrepreneurs

Desjardins is part of the Quebec government's Immigrant entrepreneurs in regions of Quebec program in association with the Regroupement des jeunes chambres de commerce du Québec. Desjardins and the government each provide \$400,000 in financial support for the initiative. Through this program, a number of trade missions will be piloted across Quebec to help young immigrant entrepreneurs get up and running and grow their local economy.

Cultivating young entrepreneurs

The Devenir Entrepreneur campaign is a major awareness initiative to get young people thinking about starting their own business—and to help them get it off the ground. Developed in partnership with two other leaders in the finance industry, the initiative is a three-year project.



The initiative's website is a great resource for anyone who wants to know more about starting their own business, and it also has a section designed especially for French-language elementary and high school teachers.

+ To learn more: <https://devenirentrepreneur.com/en/>

Introducing entrepreneurship to young people

Through our Entrepreneuriat et moi initiative, we hope to spark the flame of entrepreneurship in the next generation. During Co-op Week, Desjardins member entrepreneurs visited six local high schools to share their professional journeys and answer student questions. We accomplished what we set out to do: introduce young people to entrepreneurship and our entrepreneurs and pique their interest in starting their own business.

Adopting young entrepreneurs

For the second straight year, we supported the Adopt Inc. program launched in 2016 by entrepreneur Nicolas Duvernois.

Adopt Inc. is for all entrepreneurs in Quebec ages 18 to 39. They have to be working full time at their own business and be a majority shareholder. Adopt Inc. is an initiative allowing young entrepreneurs to fully focus on developing their business for a year, during which they have access to financial support, coaching, training and a boot camp session offered by Desjardins at the École d'entrepreneuriat de Beauce.

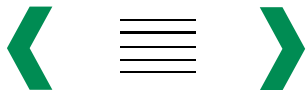
Supporting the next generation of farmers **FS7**

At Desjardins, we understand the importance of lending a helping hand to a new generation of local farmers. That's why we support Fonds d'investissement pour la relève agricole, a farm succession investment fund that gives farmers access to the capital they need to put a succession plan in place.

Incubating new ideas with Desjardins Lab

Desjardins Lab is at the forefront of our innovation and modernization efforts. Through its initiatives and the Cooperathon start-up impact track, Desjardins Lab supported some 20 start-ups in 2017, while 4,000 members of the public took part in our Desjardins Lab Meet-ups.

A new Desjardins Lab opened in Lévis in December 2017. This campus focuses primarily on insurance initiatives in collaboration with insurance technology start-ups. Desjardins Lab also gets support through its partnership with the University of Quebec at Rimouski Lévis campus and Le Camp, a tech incubator in Quebec City.



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2.5 SUPPORT FOR ENTREPRENEURS WORLDWIDE

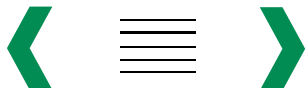
FS7 

A pioneering expert in inclusive finance

For over 45 years, [Développement international Desjardins \(DID\)](#) has been working to grow the inclusive finance sector in developing and emerging countries. Through its work, DID aims to promote universal access to diversified and secure financial services and to support the development of individual and community assets.

Operating in some 30 countries around the world, DID offers its partners a full range of specialized solutions that cover all facets of inclusive finance (small business financing, financial services for farmers, savings, technology, governance, legal support, etc.).

With a team of over 100 employees, DID is now recognized as a global leader in its field. It takes an approach that puts local communities in charge of their own development, helping to bring financial inclusion to disadvantaged communities across the globe. DID is also a proud promoter and worldwide ambassador of Desjardins's cooperative model.



For over 45 years now, DID has shared the experience and expertise of Desjardins Group with developing and emerging countries.

When you choose Desjardins, you're making change happen for businesses.

2.1 **Simpler management**

2.2 **Responsible performance**

2.3 **Advantages for entrepreneurs**

2.4 **Business beginnings**

2.5 **Worldwide**

Contribution to the development of financial cooperatives in emerging countries¹

	2017	2016	2015	2014
Number of members or clients from DID partner institutions	- ²	11,458,831	10,931,386	10,510,885
Savings volume at these institutions	- ²	\$6.581 million	\$6.506 million	\$5.210 million
Outstanding credit volume	- ²	\$6.673 million	\$6.632 million	\$5.294 million

¹ This data includes institutions with which DID conducted financing or investment activities via its investment subsidiary, as well as institutions that received technical support.

² Data for 2017 will not be collected and compiled until June 30, 2018, which, for many of the financial institutions involved, is the regulatory deadline to file their audited results.

Providing secure financial services to people in need

The inclusive finance institutions that DID works with have a total of 3,272 points of service, many of them located in rural or marginalized areas. This network gives 11.5 million families and business owners access to secure and diversified financial services. DID's ultimate goal is to make quality financial services available to everyone. Here are some of the ways it's working to do this:

- Chip cards and biometrics, to ensure secure identification, even in areas with low literacy rates
- Mobile technology, so that loan officers can travel to remote markets or villages to meet with people who are unable to get to a caisse

Working toward the financial inclusion of young people in Africa

One of DID's areas of focus is the financial inclusion of young people. It supports initiatives that help young people in Senegal gain the skills they need to get a job or start a business. In Cameroon, it supports rural start-ups run by young people. They get continuous access to financial and non-financial products tailored to their business.



⊕ To learn more:

- <http://www.did.qc.ca/en/news/did-participate-the-financial-education-young-177/>
- <http://www.did.qc.ca/en/news/did-maintains-its-support-for-rural-167/>

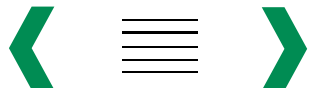
Increasing the financial inclusion of women across the globe

At DID, gender equality is a core value. DID helps women play an active role in the sustainable, responsible economic development of their communities as participants and decision-makers on equal terms with men. It also helps reduce gender disparities in accessing and controlling development resources and benefits.

All DID intervention strategies aim to boost gender equality, and DID held a gender equality conference to discuss ways to increase women's financial inclusion in developing countries.

⊕ To learn more:

- <http://www.did.qc.ca/en/news/gender-equality-conference-strategies-address-the-184/>



CO-OPS

When you choose
Desjardins,
you're making
a difference.

23rd Congress to prepare
for the future

Canada's Best 50 Corporate
Citizens: **Ranked 2nd**

Two crowdsourcing platforms
supporting local communities



When you choose
Desjardins, you're
making a difference.

3.1

**Democratic
governance
structure**

3.2

Advantages for
cooperatives

3.3

Local
communities

3.4

Awards and
recognition

3.5

Art and history

3.6

A career at
Desjardins

3.1 A MODERN AND PEOPLE-FOCUSED DEMOCRATIC GOVERNANCE STRUCTURE

Our mission

To enrich the lives of people and communities

Our values

Drawing on the values and principles of the International Co-operative Alliance, we've adopted the following values at Desjardins:

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



See G4-34 to G4-55

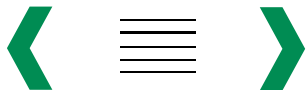


Member of a democratic organization

Desjardins Group is a democratic organization run by our members under the "one member, one vote" principle at the caisse level and the principle of proportional representation on governing bodies of the Fédération des caisses Desjardins du Québec (the Federation).

We're making every effort to improve member attendance at the caisse annual general meetings. We're also equipping caisses with new technology to generate greater member participation in caisse cooperative life and governance. One example is the participation and liaison tool, which we use to get member feedback on a variety of topics and give members the opportunity to attend their caisse's annual general meeting remotely.

At Desjardins, we're committed to staying connected with our members. We have strategies in place to create proximity—strategies that we update regularly. In 2017 we continued a wide-reaching consultation with members, officers and caisse general managers, leading up to the 23rd Congress. We also continued to work with our Youth Advisory Board.



When you choose
Desjardins, you're
making a difference.

3.1 Democratic governance structure

3.2 Advantages for cooperatives

3.3 Local communities

3.4 Awards and recognition

3.5 Art and history

3.6 A career at Desjardins

Portrait of the democratic structures of the financial cooperatives and Federation

Local Tier

Members

General Meeting of the financial cooperative

Board of directors and board of supervision of caisse

Regional Tier

Regional General Meeting of Caisses
Regional General Meeting of Caisses de groupes
(financial cooperatives in 17 regions, including Ontario and group Caisses)

The president of the regional
council (an elected officer)
sits ex officio on the board of
the federation

Regional Council in each of 17 regions
including the Council of Group Caisses
(15 members: 10 elected officers + 5 general managers)

Delegates per financial cooperative
based on the number of members

• up to 5,000	1
• 5,001 to 10,000	2
• 10,001 to 15,000	3
• 15,001 to 20,000	4
• 20,001 to 25,000	5
• 25,001 to 30,000	6
• 30,001 to 35,000	7
• 35,001 to 40,000	8
• 40,001 to 45,000	9
• 45,001 and more	10

Group Tier

Assembly of Representatives
(255 representatives members of 17 regional councils
+ President of Group)

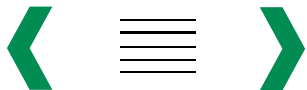
Elects the President
of the Group
and 4 general managers
to sit on the board of
directors
and the members of the
Board of Ethics and
Professional Conduct

General Meeting of the federation and Congress
(Approximately 1300 delegates, based on proportional representation of each financial cooperative)

Board of directors of the federation
(22 members: 17 presidents of regional councils
+ 4 general managers + President of Group) (2 del. adm.)

Board of Ethics and Professional Conduct
(8 independent members of the board
elected by the Assembly of Representatives)

⊕ To learn more: <https://www.desjardins.com/ca/about-us/desjardins/governance-democracy/how-cooperatives-work/index.jsp>



When you choose
Desjardins, you're
making a difference.

3.1 Democratic governance structure

3.2 Advantages for cooperatives

3.3 Local communities

3.4 Awards and recognition

3.5 Art and history

3.6 A career at Desjardins

Cooperative life and governance consultation process and 23rd Congress

The goal of the consultation process was to update Desjardins's cooperative life and governance framework. We got feedback from some 5,000 caisse members, officers and general managers on our strengths and areas for improvement. The process culminated in our 23rd Congress in the fall of 2017, where more than 1,100 caisse delegates voted on the following issues:

- Member participation in cooperative life
- Changes to caisse boards of supervision
- Changes to the regional councils and group caisse council
- Roles of CEO and Chair of the Board
- Chair of the Board transition process

Some of the key priorities adopted by Congress delegates include:

- Underscoring the importance of caisse officers listening to their members, meeting their needs and ensuring their satisfaction
- Adopting an enhanced collective profile for caisse and Federation board appointments to improve diversity and expertise on our boards
- Making officer training mandatory
- Adjusting the democratic structure and consultation bodies to face the challenges ahead
- The possibility of allowing external directors on the Federation's board
- Maintaining the combined role of CEO and Chair of the Board
- Modifying the leadership transition process

At the end of the Congress, we drew up an action plan to bring significant governance changes to both the Federation and the caisse network. Some of what's in store: updating how members participate in cooperative life, reviewing caisse supervision structures, making changes to the regional councils and group caisse council, and adjusting the makeup of the Desjardins Group board of directors.

Changes to member dividends

The Congress included a consensus-building activity on individual member dividends. Participants agreed to make dividends fairer, easier to understand and representative of the member's entire business volume with Desjardins.

A voice for young people

The Youth Advisory Board, which was created in late 2016, is made up of four caisse members, four elected caisse officers and four Desjardins Group employees, all between the ages of 18 and 35. Its mandate is to give our Board of Directors and Management Committee insight into the priorities of young adults.

By giving our young members, officers and employees a voice, the Youth Advisory Board helps us improve the way we serve and meet the needs of young people and helps them reach their goals and entrepreneurial potential through strategic projects in communities and regions.



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Young Intern Officer Program

This program provides an opportunity for young people between the ages of 18 and 30 to:

- Represent their community by sitting on their caisse's board of directors or board of supervision (in Quebec)
- Take part in the democratic processes of Canada's largest cooperative financial group

As of December 31, 2017, we had 162 young intern officers in Quebec and Ontario.

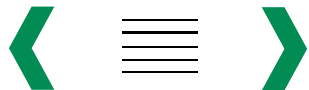
+ To learn more: <https://www.desjardins.com/ca/about-us/careers/students-interns-recent-graduates/young-intern-officer-program/index.jsp>

Bolstering Desjardins's financial stability with capital shares

In 2017, our members acquired \$250 million in Federation capital shares, for a total of over \$4.5 billion since their inception. These shares contribute to Desjardins Group's financial stability.

In line with the principles supported by the International Co-operative Alliance and the values of our founder Alphonse Desjardins, who stressed the importance of adequate capitalization for each caisse, we focus first and foremost on strengthening our capital base. This approach has proven successful time and again.

Key numbers illustrating Desjardins Group's financial stability (in millions of dollars and as a percentage)	2017	2016	2015
Total income	\$17,101	\$15,201	\$15,242
Equity	24,773	23,293	21,725
Tier 1A capital ratio	18.0%	17.3%	16.0%
Total capital ratio	18.4%	17.9%	17.2%
Breakdown of membership shares			
Caisse-issued permanent shares	\$750	\$1,026	\$1,451
Caisse-issued qualifying shares	25	25	25
Caisse-issued surplus shares	82	106	145
Federation-issued capital shares	4,504	4,135	3,537
	\$5,361	\$5,292	\$5,158



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3.2 CONCRETE ADVANTAGES FOR COOPERATIVES

At Desjardins, we firmly believe in the importance of cooperatives and mutuals. We actively contribute to their growth in our day-to-day operations and through community development initiatives. As a cooperative institution, we intimately understand the challenges facing other cooperatives and mutuals.

Supporting cooperative entrepreneurs

The Caisse d'économie solidaire, which has developed unique expertise in collective entrepreneurship in Quebec, now provides the caisses and Desjardins Business centres with advisory services on cooperatives. As of December 31, 2017, Caisse d'économie solidaire had 3,000 cooperative members.

With these services, the Caisse d'Économie solidaire is available to help the caisses and Desjardins Business centres tailor offers to cooperatives, for instance by developing custom financing packages.

Providing payroll solutions

The Consortium de ressources et d'expertises coopératives and Desjardins Payroll and Human Resources Services signed an agreement to offer payroll services to federations of industry-specific cooperatives that are members of Desjardins. The services include:

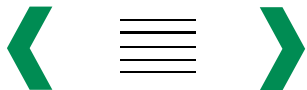
- A powerful payroll solution that doesn't require costly infrastructure investments
- Support services to streamline payroll production and delivery
- Preferred rates

Supporting the cooperative movement

We share our expertise in cooperation and provide financial support to numerous national and international industry-specific groups that:

- Promote cooperation
- Are dedicated to developing the cooperative model
- Foster cooperative education

We support these organizations through significant investments in technology and human resources. We also share our expertise with hundreds of visitors from around the world who are interested in the cooperative model.



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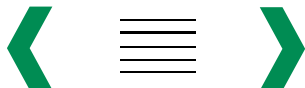
Annual financial support for cooperative organizations across Canada and abroad ^{1 2}	Member	Member of the board (or committee)	Financial contribution (in \$)		
			2017	2016	2015
International Co-operative Alliance (ICA)		●	- ³	105,395	100,000
Conseil québécois de la coopération et de la mutualité (CQCM)	●	●	936,775	876,776	894,000
Conseil de la Coopération de l'Ontario (CCO)	●	●	67,601	67,602	74,000
Co-operatives and Mutuals Canada (CMC)	●	●	417,316	407,010	277,000
International Confederation of Popular Banks	●	●	147,970	151,371	146,000
Filene Research Institute	●		65,300	32,680	50,000
Crédit industriel et commercial du Crédit Mutuel		●	n/a	n/a	n/a
Fondation pour l'éducation à la coopération et la mutualité		●	Under review	n/a	n/a
European Association of Co-operative Banks	●	●	55,822	56,767	54,000
International Cooperative and Mutual Insurance Federation (ICMIF)	●	●	209,423	123,910	114,000
International Raiffeisen Union (IRU)	●		9,395	10,362	10,000
Cooperative leaders on B20 committees		●	n/a	n/a	n/a

¹ Amounts shown do not include financial contributions from caisses to these cooperatives or to other local and regional cooperatives.

² Amounts are converted to Canadian dollars using the exchange rate in effect at the time the payment was made.

³ Amount included in our contribution to Co-operatives and Mutuals Canada.

We also contribute financially to a partnership agreement for the development of cooperatives that was signed between Quebec's Ministère de l'Économie, de la Science et de l'Innovation and the Conseil québécois de la coopération et de la mutualité. The program has proven so successful that we renewed our partnership through 2018.



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3.3 SUPPORT FOR LOCAL COMMUNITIES > MANAGEMENT APPROACH



At Desjardins, our purpose is to enrich the lives of people and communities. The cooperative business model is a powerful force for community development, and its values of solidarity, self-help and support for entrepreneurship make it an ideal fit for local communities.

We partner with local, regional, national and international organizations. Our network of partners and socio-economic and environmental leaders puts us at the forefront of the community development movement.

At Desjardins, we help build vibrant communities by:

- Funding sustainable development projects at the community level
- Supporting community organizations through officer and employee involvement
- Financing projects for individual and group entrepreneurs
- Offering products and services tailored to individual and community needs
- Promoting financial literacy and inclusion in Canada and abroad
- Making crowdsourcing platforms (Desjardins Community Zone and La Ruche) available to individual and group project developers

To reaffirm our role as a socio-economic leader, we created a \$100 million development fund for 2017 through 2019. Managed at a regional level by Desjardins caisses, the fund can be used to support strategic projects for the caisse network and development projects that benefit people, communities and regions.

Our insurance subsidiaries also do their part for community development by supporting health and road safety initiatives and by addressing industry-specific issues, including education on risk prevention and insurance products.



We evaluate our community engagement strategies every year and adjust them as required. We track the number of entrepreneurs we support, the number of individuals who have completed projects or received training and our investments in cooperative organizations and group projects. We also evaluate participation levels and the number of individuals affected by these projects.

We also collect and analyze feedback from our community partners. Finally, we tally contributions made by members to their local caisse's Community Development Fund.

See the following sections for more information: **SO1 SO4 FS13 FS14 FS16 EC8**



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Serving sparsely populated regions

FS13 

In 2017, we operated a total of 1,032 points of service (including caisse head offices and services centres). In Quebec, 285 of these points of service—29.6% of the total—were located in low-density areas (with fewer than 2,000 residents). As a comparison, the big banks operated 14 branches in these areas.

Members and clients who live in these areas can also access our financial and insurance products and services online and over the phone.

Consulting with local communities and taking part in development programs

SO1 

We're committed to remaining the most accessible financial institution. That's why we present any potential changes in our distribution network to local communities first to get their feedback. We strive to keep pace with market trends and consumer behaviours, while keeping our services accessible for all members. We work with communities to identify solutions that meet local and regional needs.

Staying close to our members

At Desjardins, we take steps to ensure members in remote regions and members with reduced mobility have access to our services. Here are a few examples:

- Support for public transportation in rural areas, on-demand transportation service and reimbursement of taxi or bus fares
- ATM and AccèsD (online banking) training
- Scheduled visits to communities with a reduced mobility population (basic transactions)

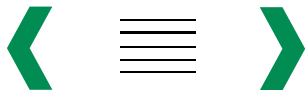
- Mobile Branch: a bus where members can speak to an advisor and use the ATM

To learn more: See [section 4](#).

Supporting joint action on local and regional development

We have partnered with the Table de concertation sur le développement local et régional, a board set up by the Fédération québécoise des municipalités to help elected municipal officers and regional county municipalities with economic, social and cultural development. The board comprises general managers of regional county municipalities, general managers of local development centres, municipal directors and local and regional development professionals.

The board hosts free online meetings on economic development, giving participants the opportunity to learn from specialists, stay up to date on developments in their field and explore new ways to improve their efficiency.



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Developing communities with the Desjardins Community Zone and La Ruche

At Desjardins, we're exploring how crowdsourcing platforms can be used to bring us closer to our members, to bring our members closer to each other and to support community development.

The Desjardins Community Zone is a pilot project that provides a digital "town square" for socio-economic leaders. So far, it has connected more than 50 group project developers with local residents, organizations and businesses interested in supporting them and facilitated some 20 initiatives that address local issues or support economic development. Currently, 10 caisses in Montreal, Quebec City and the Eastern Townships are participating.

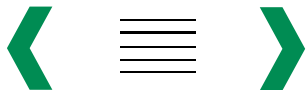
We also renewed our partnership with La Ruche, which provides local project developers and entrepreneurs with a crowdfunding platform and support from a group of business people involved in the community. La Ruche is already in place in Montreal and Quebec City and is now slated for rollout in Mauricie, Bas-Saint-Laurent and the Eastern Townships.

These two companion initiatives are carving out a crowdsourcing space to support community development.



Helping non-profits

We provide financial support for 41,713 non-profit organizations (NPOs). In doing so, we support social economy cooperatives, mutuels and NPOs whose purpose is not to turn a profit but rather to meet the needs of their members or the community.



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3.4 AWARDS AND RECOGNITION



Performance

Sustained financial performance

We maintained our spot on Global Finance magazine's list of the World's 50 Safest Banks, ranking 3rd in Canada and 34th in the world.

World's 5th largest financial cooperative

In 2017, we jumped a spot to number 5 in the World Co-operative Monitor's ranking of financial cooperatives (based on total 2015 revenue in U.S. dollars).

We ranked 36th among all cooperatives, up four places from 2016.

This ranking of the world's 300 largest cooperatives is an initiative of the International Co-operative Alliance and its scientific partner, Euricse.



Responsibility

Canada's Best 50 Corporate Citizens

For the seventh straight year, we made the top 10 in Corporate Knights magazine's list of the Best 50 Corporate Citizens in Canada.

We're recognized as a responsible business able to simultaneously address economic, social and environmental challenges while remaining true to our mission of meeting the financial needs of our members and clients and contributing to the well-being of people and communities.

Ipsos-Infopresse social responsibility award

We won the Ipsos-Infopresse award for social responsibility based on a survey of 2,000 Quebec consumers on 100 Canadian and international brands. This is proof positive that consumers recognize our brand and our values.

Recognized as a responsible organization

We were ranked the second most responsible organization in Quebec in the 2017 Baromètre de la consommation responsable published by the Université du Québec à Montréal.

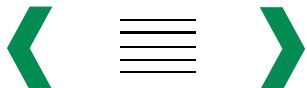
Perfect score in responsible investment

Desjardins Investments, a signatory of the UN's Principles of Responsible Investment (PRI), earned a grade of A+ in the Strategy and Governance category for 2016–2017. Grades are based on an annual assessment, during which all signatories report on their operations and responsible investment initiatives. The PRI assessment committee compares answers and evaluates each signatory's results.

Our strong showing demonstrates our commitment to offering industry-leading responsible investment solutions.

➤ To learn more:

- Methodology:
<https://www.unpri.org/download?ac=4315>
- Transparency Report - Desjardins Investment Inc.:
<https://reporting.unpri.org/surveys/PRI-reporting-framework-2017/53503D3C-54A8-4F9F-8066-30BFE78C4FBA/79894dbc337a40828d895f9402aa63de/html/2/?lang=English&a=1>



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Responsibility *(continued)*

Fighting climate change

CDP (formerly the Carbon Disclosure Project) awarded us a B rating, which puts us above the industry average rating of C. We were recognized for our strong commitment to fighting climate change through multiple initiatives to reduce the greenhouse gases emitted by our organization, the companies we invest in and our members and clients.

CDP is an international organization representing a group of investors, which prepares annual reports on the inclusion of climate change action into the strategies of the world's largest organizations.

Building of the Year Award and BOMA BEST® Platinum certification

We were awarded Building of the Year and BOMA BEST® Platinum environmental certification for our building at 150 rue des Commandeurs on the Desjardins Campus in Lévis. This is the highest of the five levels of certification.

Launched in 2005, BOMA BEST® (Building Environmental Standards) is Canada's leading environmental certification program for commercial buildings.

Car-Free Challenge

For a third year, we placed first in the Car-Free Challenge in Quebec.

For an entire day, employees travelled only by foot, bike, bus, subway, train or carpool, thereby avoiding 2,877 kg of CO₂ equivalent emissions.



Member/client service

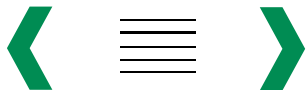
Three international design awards for the Mobile Branch and Signature Service

At the Retail Design Institute's 46th Awards Gala in New York City, Desjardins received accolades for the design of its Mobile Branch and Signature Service at Complexe Desjardins in Montreal. Signature Service was recognized for its sophisticated, Canadian-designed decor and furniture. All Signature Service locations feature the same elegant look.

The Mobile Branch, designed and made responsibly in Quebec, received an award for its sleek, modern design. It also took home silver at the 2017 Shop! Design Awards at the GlobalShop retail tradeshow in Las Vegas.

Flèche d'Or for Desjardins Insurance

Desjardins Insurance won a 2017 Flèche d'Or award from the Association du marketing relationnel in the people's choice category for home and auto insurers based on a CROP survey of Quebec consumers. The award highlights the high quality of our member/client experience.



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Member/client service *(continued)*

Quebec quality award for Caisse Desjardins de la Nouvelle-Acadie

The Prix performance Québec are the highest distinction awarded by the Quebec government to the province's top public and private sector organizations. Winners are recognized for management quality and overall performance.

In 2017, Caisse Desjardins de la Nouvelle-Acadie earned the award for its strong financial position, skilled human resources and exceptional service. In 2016, the caisse was given a Grande mention for its dedication to human resources, environmental awareness and community involvement.

Employee experience

We're one of Canada's most sought-after employers thanks to our employee engagement, our HR practices and our sustainable development policies.

Canada's Top Employers

For the seventh year in a row, MediaCorp Canada named us one of Canada's Top 100 Employers—a list of companies that stand out for their innovative HR management practices and initiatives. We earned this distinction for our outstanding community involvement, high-quality group insurance plan for employees and many sustainable development initiatives.

We also placed 10th on Indeed's 2017 ranking of the 25 Best Places to Work in Canada. Reviewers cited a stimulating work environment and a sense of pride and community.

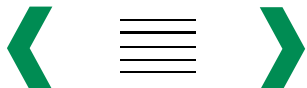
Canada's Greenest Employers

For a third straight year, MediaCorp Canada named us one of Canada's greenest employers in recognition of our environmental initiatives and the nearly \$1 billion invested by Desjardins Group and the Desjardins Group Pension Plan to support the development of renewable energy and clean technologies.

Canada's Top Employers for Young People

For the seventh straight year, Desjardins made MediaCorp's list of Top Employers for Young People, which recognizes companies with the best strategies to attract and retain young workers.

We rose to the top thanks to our Youth Advisory Board, our Young Executives network and our Young Intern Officer Program.



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A competent, engaged workforce

Two OCTAS awards for IT

At Desjardins, we're committed to innovation. We're proud of the creativity demonstrated by our IT teams, who received two OCTAS awards this year:

Espace conseil

With this web interface, we cut the red tape for advisors, improving productivity and increasing member and client satisfaction. Espace conseil puts the most important and relevant information front and centre for advisors, generating significant time savings.

My Savings Plan

With My Savings Plan, we reinvented the way young people save in our hyper-connected world. This fun, flexible and easy-to-use tool for 13- to 30-year-olds helps members save toward a specific goal. They can also ask their friends and family to pitch in.

Two awards for Société historique Alphonse-Desjardins

The Association des archivistes du Québec gave the Société historique Alphonse-Desjardins a Robert-Garon award honourable mention in recognition of our Centre de conservation et de mise en valeur des archives et des collections muséales.

The Maison Alphonse-Desjardins museum also took home an award in the tourist attraction category at the Grands prix du tourisme Desjardins gala for the Chaudière-Appalaches region. Award winners are chosen based on visitor reviews.

Gold in Women in Governance

Desjardins has earned gold parity certification from Women in Governance. This certification standard looks at not only parity in management bodies but also succession planning and mechanisms to enable women at all levels to advance their careers.



A trusted brand

One of Canada's 150 most iconic brands according to Interbrand

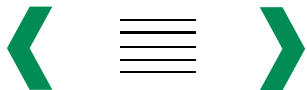
According to an Interbrand survey of Canadians in honour of the Canada 150 celebrations, we have one of the 150 most iconic brands that have marked our country's history and will shape its future growth.

Prestigious award for market-linked guaranteed investments

Our market-linked guaranteed investment products were recognized for the sixth year in a row at the Americas Wealth Management & Derivatives Awards, taking home the award for best distributor in Canada.

Highest investor satisfaction

Desjardins Online Brokerage ranked first in DIY investor satisfaction with Canadian online brokerages. The J.D. Power 2017 Canadian Self-Directed Investor Satisfaction Study examines investor satisfaction with their primary brokerage firm across six key factors: interaction, trading charges and fees, account information, account offerings, information resources, and problem resolution.



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A trusted brand *(continued)*

Three Lipper Fund Awards for fund quality

Three Desjardins funds were recognized at the Lipper Fund Awards Gala for excellent performance over three and 10 years and consistent, risk-adjusted returns relative to their peers.

They are the Desjardins Quebec Balanced Fund (performance over 10 years), the Desjardins Emerging Markets Fund (performance over 10 years) and the Desjardins Global Infrastructure Fund (performance over three years).

The Lipper Fund Awards are part of the Thomson Reuters Awards for Excellence, a global family of awards that celebrate exceptional fund performance throughout the professional investment community.

Best Private Wealth Management Company in Canada

For the second year in a row, Desjardins Private Wealth Management was named Best Private Wealth Management Company Canada by Global Banking & Finance Review.

Best Overall Forecaster

International firm FocusEconomics named the Desjardins Economic Studies team the Best Overall Forecaster for Canada based on the accuracy of its economic and financial forecasts.

Each month, FocusEconomics surveys more than 30 leading financial institutions—including Canada's big banks and several top international firms—to obtain their economic and financial forecasts.

Strat award and Flèche d'or for #soadult

Our #soadult campaign won the Strat award presented by the Association des professionnels de la communication et du marketing and a Flèche d'or from the Association du marketing relationnel for Quebec's best marketing and communications strategies.

3.5 PRESERVING AND CELEBRATING ART AND HISTORY

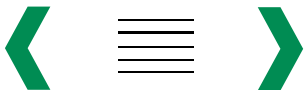
Société historique Alphonse-Desjardins

The history of Desjardins Group and its founders attracts tourists, cooperatives from around the world, schools and our own officers, managers and employees. In 2017, the Maison Alphonse-Desjardins museum welcomed 8,370 visitors. The Centre de conservation, located in our building in Old Lévis, attracted nearly 3,500 visitors. The visitor satisfaction rate for both sites was 99%.

The Société historique Alphonse-Desjardins (SHAD) is staffed by history, archival science and conservation specialists who provide advisory services for all of Desjardins. Over the years, SHAD has developed unique expertise in the history of our organization. In 2017, SHAD responded to 507 support requests, gave 27 public talks and hosted 22 conferences in Quebec and Ontario. It also published 11 articles, a book for the 50th anniversary of Caisse du Complexe Desjardins and a guide to help our caisses promote our history and manage archives and artifacts.



To learn more: <http://www.desjardins.com/alphonsedesjardinshouse>



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Innovating Through Cooperation exhibit: A look at our recent history

We opened a new exhibit, Innovating Through Cooperation, at our Centre de conservation in Old Lévis.

An interactive wall presents innovations since the year 2000 in the areas of financial education, sustainable and responsible socio-economic development and new technology to meet the needs of our members and clients.

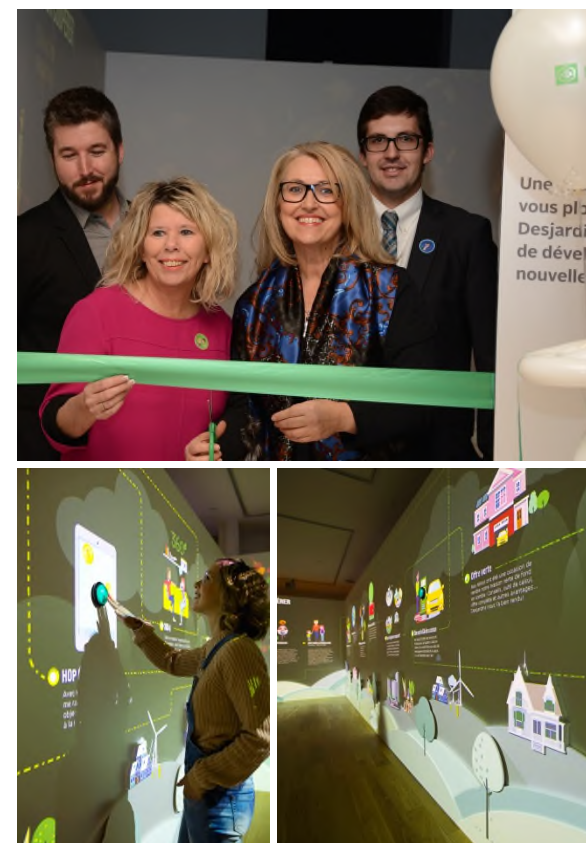
Sights and sounds of Desjardins

We provide free audioguides to enhance the visitor experience at our exhibits. The guides provide additional information that builds on the exhibits.

Preserving our heritage

We developed a guide for our caisses called The heritage of the caisse: An unexpected and meaningful treasure. The guide helps caisses preserve their archives and artifacts, showcase their history and celebrate our organization's heritage.

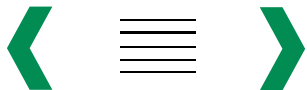
Showcasing a caisse's history is an excellent way to increase its visibility, solidify its status in the community and strengthen the sense of belonging of its members, officers and employees.



Fostering artistic creation

Desjardins is committed to supporting the arts and has amassed a sizeable art collection. Some 2,500 pieces are displayed in our offices in Lévis, Montreal, Ottawa, Quebec City and Toronto to inspire employees and increase their exposure to art.

Through our annual art acquisition program, we foster artistic creation by purchasing works from Canadian artists, particularly young up-and-comers. To generate more attention, we host temporary exhibits in our workplaces and loan out some of the pieces to museums. In 2017, we loaned a Claude A. Simard piece to the Centre d'interprétation historique de Sainte-Foy for the exhibit Claude A. Simard. Peindre le bonheur. We also loaned a François Vincent painting to the Maison des arts Desjardins in Drummondville for the exhibit Les chambres portatives.



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3.6 A CAREER AT DESJARDINS

Choosing Desjardins

We offer our employees a number of advantages:

- Job opportunities in 20 different fields across Canada and abroad
- Great benefits and competitive pay
- A flexible work environment that promotes work/life balance
- The chance to contribute to an organization committed to sustainable development
- Learning opportunities through training programs and skills development activities

Desjardins is always on the lookout for passionate people whose values are in line with our own and who enjoy new challenges and teamwork. We offer quality career opportunities.

In 2017:

- We filled 73% of job postings internally, a clear indicator of the career advancement opportunities available
- 4,000 people joined the organization

Career Zone: Attracting talent

The Career Zone is the HR meeting place at the Complexe Desjardins in Montreal. It's where we carry out most of our HR initiatives to enhance our selection process. In 2017, we conducted 4,396 job interviews and administered 1,700 tests in the Career Zone meeting rooms. The Career Zone reflects our focus on performance and our drive to set the industry standard for talent acquisition and management.

Wooing IT professionals

We hosted a networking event called Desjardins Tellement Geek to show techies what we have to offer. Passionate professionals who are part of the Desjardins IT revolution were on hand to talk about the innovative spirit that reigns at Desjardins.

We also partnered with Academos to launch "T'es-tu game?," a campaign to raise awareness of IT opportunities among young people. Companion videos, quizzes, articles and other activities are available online.

+ To learn more: www.academos.qc.ca/tes_tu_game (in French only)

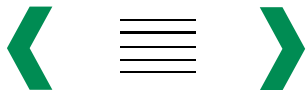
Employee Recognition Program

The Desjardins Recognition Program celebrates outstanding achievements by teams across Desjardins that help bring us closer to our objectives. Every year, we hold a call for nominations to honour employees at a recognition event during our Annual General Meeting.

At the Annual General Meeting in March 2018, we'll hand out 15 prizes in three categories: Project, Team and Pride.

Reinforcing positive behaviours with BRAVO!

We introduced the BRAVO! program, which gives employees a platform to highlight the positive behaviours and professional achievements of their colleagues. The program reinforces behaviours that add value for the organization and provides a simple, efficient way for employees to recognize each other. In 2017, our employees sent 89,164 BRAVOs.



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communities

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EMPLOYER/EMPLOYEE RELATIONS ➤ MANAGEMENT APPROACH



Like other large organizations, we face workforce recruiting challenges due primarily to the high number of baby boomers who are retiring.

Good employer/employee relations are crucial to minimizing turnover, and employee performance is tied directly to the quality of these relations.



At Desjardins, ongoing dialogue between employees and managers is a priority. Managers meet with their employees on a regular basis to identify target behaviours, set professional objectives and discuss conditions for success. The meetings are an opportunity to explore issues and priorities in the employee's work sector and discuss individual development plans.

The President and CEO holds regular online meetings to create proximity with our 45,547 employees and managers. The meetings are an opportunity to share our vision and expectations, discuss issues, explain how they are being handled and give employees a better understanding of what's happening in our organization.

At Desjardins, our employees regularly complete an engagement survey, and we use the results to improve our processes.

About 20% of our workforce is unionized, and we have good relations with the unions that represent them.

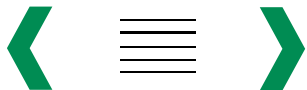
The Workplace Relations Administrative Department has processes in place to deal with any grievances or complaints in accordance with labour laws.

Occupational health and safety

Health and safety in the workplace are fundamental to managing performance. We're committed to offering a safe and secure work environment. To do so, we enforce required safety measures, including those mandated by provincial and federal laws and regulations.

The group insurance plan is a key part of our compensation package. It provides employees, their spouses and their children with short- and long-term financial security that grows and evolves with their needs. It also includes access to our Health is Cool 360° website, which features prevention and research tools, health tips on a variety of topics and information about the health and wellness programs we offer.

Our programs include an annual flu shot campaign, health challenges and partial reimbursement of fitness expenses.



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EMPLOYER/EMPLOYEE RELATIONS > MANAGEMENT APPROACH *(continued)*



Finally, the Fast Track Prevention program helps caisse network employees respond to attacks, assaults, theft and other emergencies. Each caisse appoints a Fast Track Prevention Officer who is trained to help employees handle these situations.

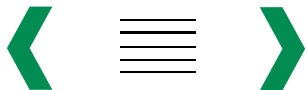
With the support of our teams, we protect our employees, keep our workplaces safe and coordinate emergency response operations. Documentation on emergency measures is readily available to employees.



We improve the employee experience using two employee feedback mechanisms: employee engagement surveys and feedback loops for employee “moments of truth.”

The results and comments help us improve our tools, practices and processes so we can provide the best possible employee experience.

We've also tested Officevibe with 2,000 employees. This application is used to get real-time feedback on individual and team motivation and engagement.



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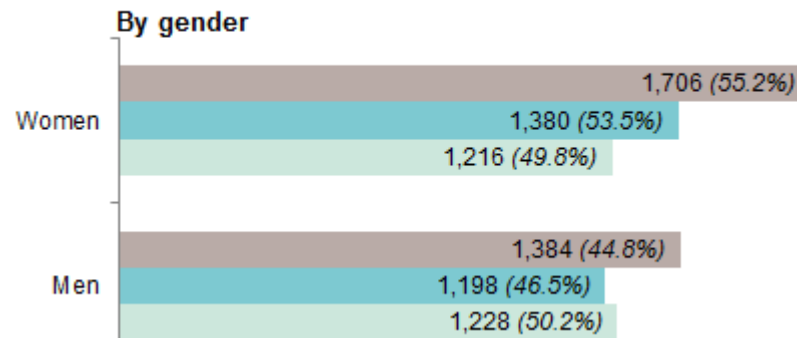
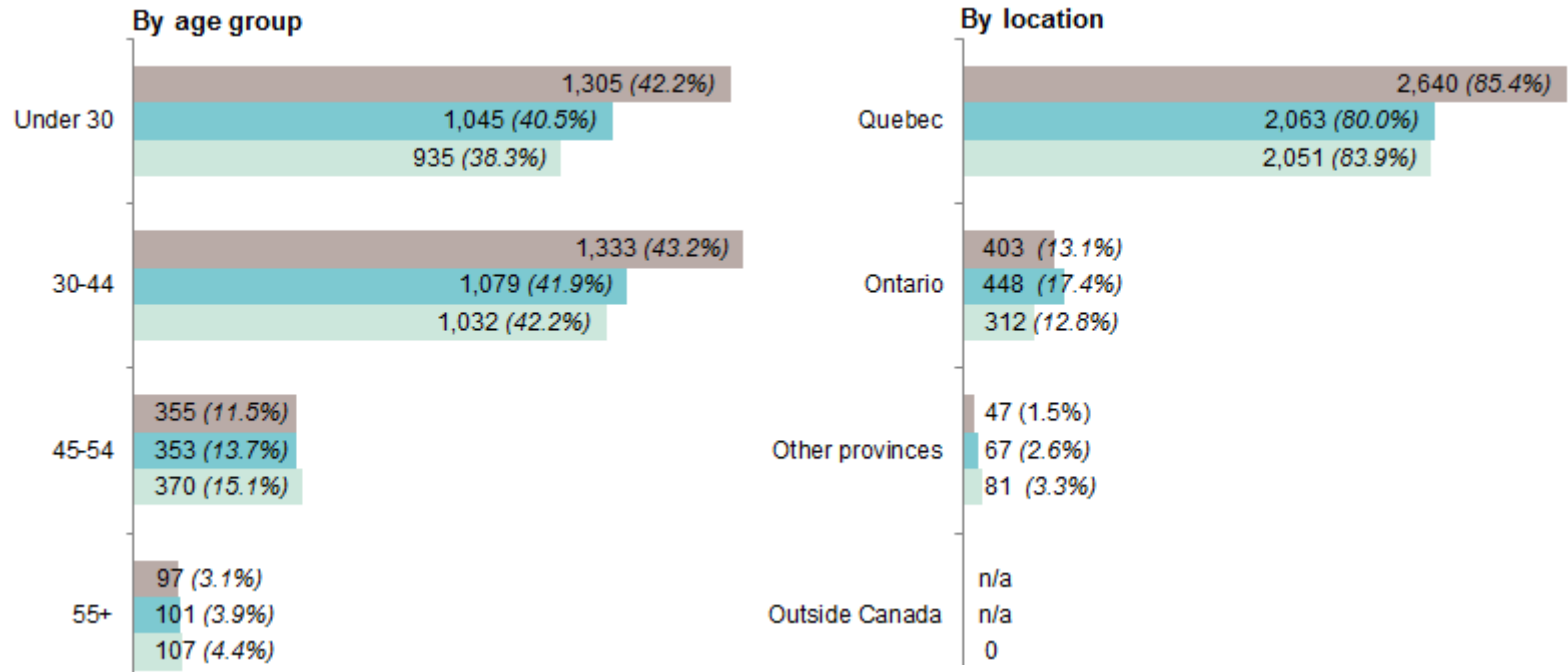
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Employee turnover

External recruitment – Permanent employees¹

■ 2017 ■ 2016 ■ 2015



¹ This data excludes approximately 2% of the workforce.

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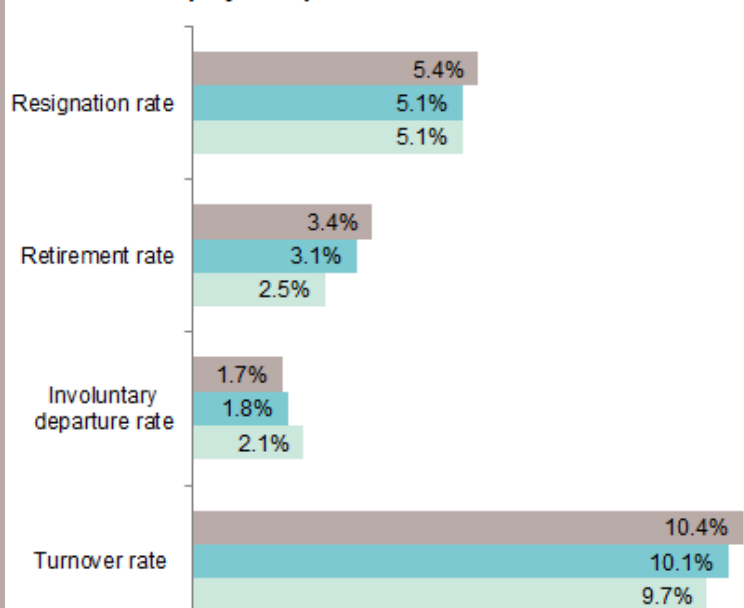
3.4 Awards and
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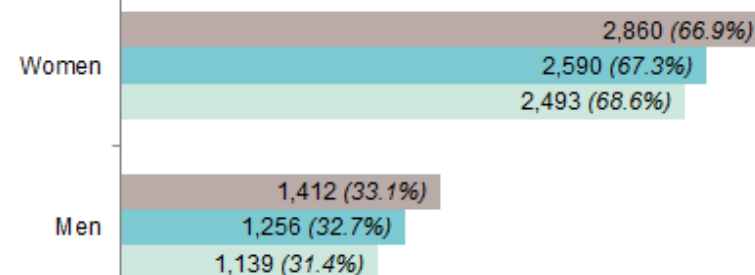
The permanent
workforce retention rate
is **96.4%**, reflecting our
stimulating, engaging
work environment.

Permanent employee departures

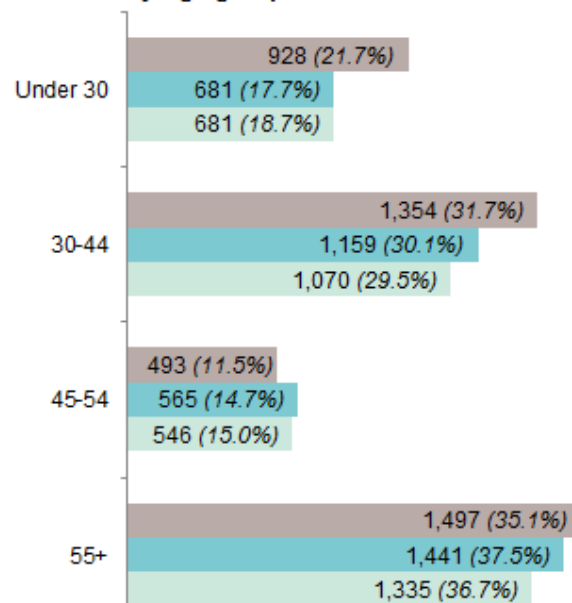


Breakdown of permanent employee departures (turnover)¹

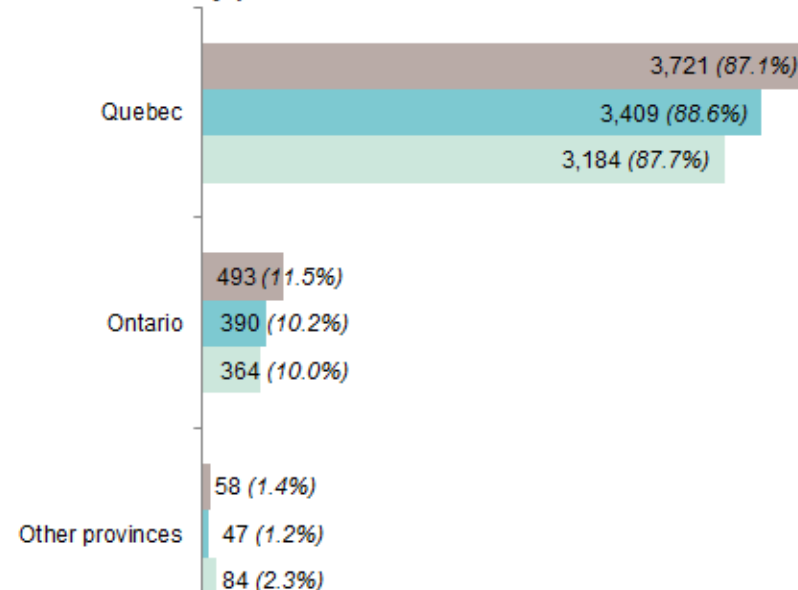
By gender



By age group



By province



¹ This data excludes approximately 2% of the workforce.

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Employee benefits

LA2 

At Desjardins, we're committed to improving our employees' financial stability and quality of life by offering full-time employees:

- Life insurance
- Health insurance, including drug, vision care, and dental coverage
- Competitive benefits for major life events, such as the birth or adoption of a child
- Wellness initiatives, including:
 - Partial reimbursement of fitness expenses
 - Flu shots
 - A personalized health platform offering online and telephone services to address health-related concerns
- Access to reduced-fee group RRSPs with a wide range of investment solutions
- A defined benefit pension plan

Note: Part-time employees have access to most of these benefits, prorated according to time worked.

Flexible work arrangements

Various options are available to help Desjardins employees achieve work/life balance, including:

- Flexible work schedules (compressed work week, telework, etc.)
- Various forms of leave, such as staggered compensation for an extended absence

We have workplaces across Canada, with our main offices located in the following cities: Lévis, Montreal (downtown and Anjou), Quebec City, Aurora, Calgary, Gaspé, Granby, High River, Mississauga, Ottawa-Gatineau, Toronto, Trois-Rivières, Vancouver and Winnipeg.

The caisse network covers a wide geographical area, and the number of employees at any location varies by customer volume.

G4-6 

Every year, we invest heavily in employee health and well-being.

Employee health and wellness

In 2017, we spent approximately \$7 million on illness prevention and health promotion programs and initiatives, including:

- Personalized support program for employees on disability leave made possible by a partnership between the Federation, Desjardins Financial Security and rehabilitation centres
- Health is Cool 360° website to provide employees and retirees with answers to health-related questions and information on how to prevent and deal with illness
- An employee assistance program that provides psychological support and tools for employees and members of their immediate family
- A variety of tools to adjust workstations to make them more ergonomic

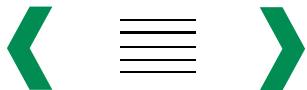
We also put together activities to encourage a healthy lifestyle. In 2017:

2,476 people (employees, officers and their family members) took the 5/30 Health and Wellness Challenge

15% of employees got a seasonal flu shot

32% of employees received a partial reimbursement of fitness expenses

980 managers had full medical check-ups at specialized clinics (2016 statistics)



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TRAINING AND EDUCATION ➤ MANAGEMENT APPROACH



We encourage our elected officers, managers and employees to pursue continuing education to improve their ability to do their jobs and make the best decisions for Desjardins and our members and clients. We fully comply with the *Quebec Act to Promote Workforce Skills Development and Recognition*, which requires large companies to invest at least 1% of their payroll in employee training every year.

For years, we've been investing more than 2.5% of our payroll in staff training and development. The sustained interest that our employees show is a clear indicator that these measures are seen as worthwhile.

These investments are allocated within the organization based on our challenges and priorities.

In 2017, thousands of our employees improved their skills as a result of these initiatives.

Average hours of training

LA9 GRI

In 2017, we invested nearly \$82.4 million—or 2.65% of our total payroll—in over a million hours of staff training and development activities, in large part through the Desjardins Cooperative Institute

Skills development program

LA10 GRI

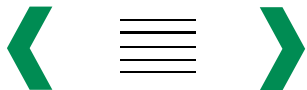
Updating skills to reflect our priorities and values

At Desjardins, we encourage our employees and managers to develop skills that align with our strategic priorities and cooperative values. Our skills development program has three components: job-specific training (provided by the business sectors), leadership development and cross-sector training (both provided by the Desjardins Cooperative Institute).

Other career resources

Our career services team has developed the following resources for Desjardins employees:

- Career advice to help employees evaluate their job situation and how to put their talents to good use, regardless of where they are in their careers
- Résumé writing (one-on-one or in groups)
- Job interview coaching to help employees showcase their strengths (one-on-one or in groups)



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Continuing education

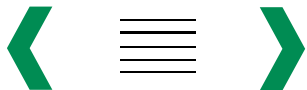
We offer support in many forms to employees who wish to further their education at recognized educational institutions:

- Flexible work schedules
- Paid training (100% if related to current job; 50% if developing skills (for succession candidates))
- Reimbursement of tuition fees and the cost of required textbooks and materials (conditional upon successful completion of the course)
- Monetary recognition for additional education
- Unpaid leave (up to 12 months) during which employees can complete their studies

Retirement and succession planning

With the caisses' support, Desjardins offers paid internship programs to CEGEP and university graduates. These programs provide participants with the opportunity to acquire skills and knowledge specific to the financial sector. In 2017, we hired 230 interns.

An intensive retirement planning training program is available to members of the Desjardins Group Pension Plan who are 50 or older and their spouses. A total of 1,631 people attended the training in 2017.



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DIVERSITY AND EQUAL OPPORTUNITY > MANAGEMENT APPROACH



At Desjardins, we see diversity and equal opportunity as strengths.

To diversify and enrich our human capital, we're making more room in the organization for young people, women in decision-making roles, members of cultural communities, people with disabilities and members of the LGBT community.

Our commitment to a diversified workforce is clearly reflected in our talent acquisition policies and practices. Activities to recruit individuals in these groups were held throughout 2017.

In an effort to expand our talent pool, we created a program to hire employees with autism spectrum disorders. We also participate in the following programs:

- Fédération des chambres de commerce du Québec program to hire newcomers to Canada
- Fondation Émergence
- Action main-d'œuvre
- Catalyst

We take part in public events to increase our visibility and attract people from all walks of life. Some of these events include:

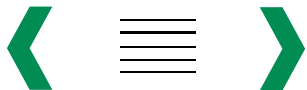
- Salon de l'immigration et de l'intégration au Québec
- Pride at Work Canada
- Networking event with Syrian refugees hosted by the Chamber of Commerce of Metropolitan Montreal

Elsewhere in Canada, particularly in Aurora and Mississauga, we have about a dozen employee networking groups that organize activities promoting cultural, gender and sexual orientation diversity.

The caisses have adopted a voluntary policy to promote gender parity on caisse governing bodies. A number of initiatives have been implemented to make sure governing bodies are representative of caisse members:

- Officer succession planning
- Young Intern Officer Program at the caisse level
- Young Intern Officer Program at the regional level
- A member representation simulator available to regional governing bodies

In 2017, we set a target of 30% female representation on the boards of subsidiaries and the Federation by 2020. We also joined the 30% Club Canada to serve as a leader and role model for other Canadian organizations.



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DIVERSITY PROGRAMS

Lesbian, gay, bisexual and transgender (LGBT) community

In 2017, we celebrated diversity with the theme United and Proud.

The Complexe Desjardins in Montreal proudly added the rainbow flag to its logo, and we hosted a Pride at Work Canada reception in the Grande-Place at Complexe Desjardins. The event brought together nearly 700 members of Montreal's LGBT business community, with representatives from 80 Pride at Work Canada member businesses. It was an opportunity to discuss and plan for a future where LGBT people can achieve their full potential at work.

Our message of inclusion and support—United and Proud—culminated with the Montreal Pride Parade, the headline event of Pride Week. 195 of our employees and their allies marched in the Desjardins contingent, and the Desjardins LGBT Committee looks forward to making the parade an annual event for our organization.

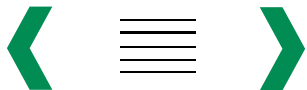
The Desjardins LGBT Committee hosted its annual LGBT Employee Reception at all sites this year, including Lévis, spreading our message of inclusion for a third year.



Newcomers

A new campaign launched in 2017 called the Workplace Training Integration Program gives qualified immigrants in the Montreal area the opportunity to receive training and gain valuable on-the-job experience. The program is sponsored by the City of Montreal, the Quebec government, the Chamber of Commerce of Metropolitan Montreal and four of Montreal's biggest employers: Desjardins, Hydro-Québec, Intact Insurance and SNC-Lavalin. We were the first major organization to sign on.

As part of the program, our IT team brought on 13 immigrants for 52 weeks. We committed to hiring at least 20% of participants and recommending 30% of the remaining promising participants to our suppliers. This pilot project helps qualified newcomers looking for their first work experience in Quebec.



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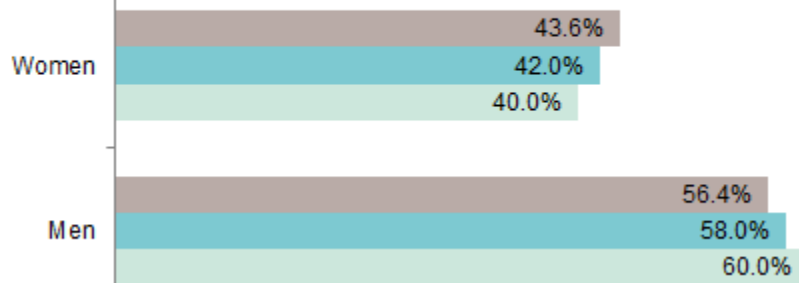
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COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES BY CATEGORY

LA12 

Breakdown of caisse elected officers (%)

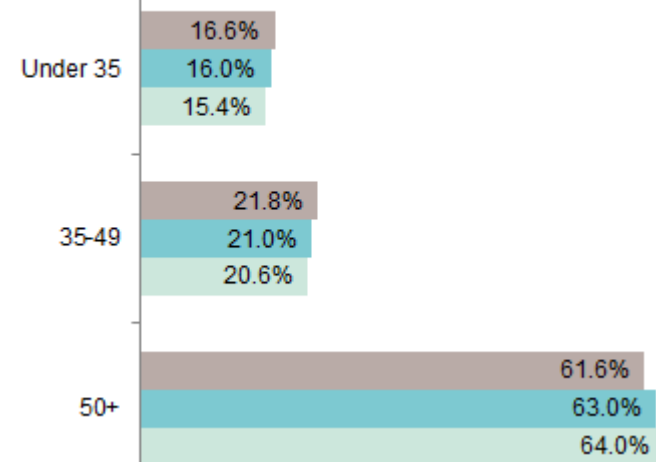
By gender



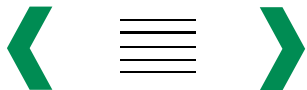
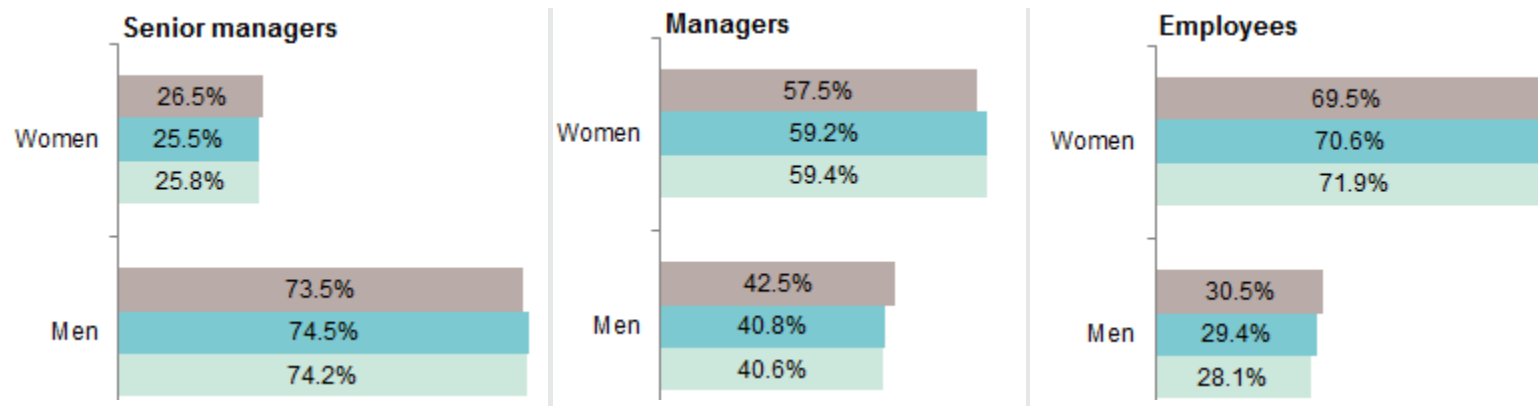
For 2017, our officer representation index by member gender and age was 92.0%. The index weights gender and age equally.

■ 2017 ■ 2016 ■ 2015

By age group



Employee breakdown by gender (%)

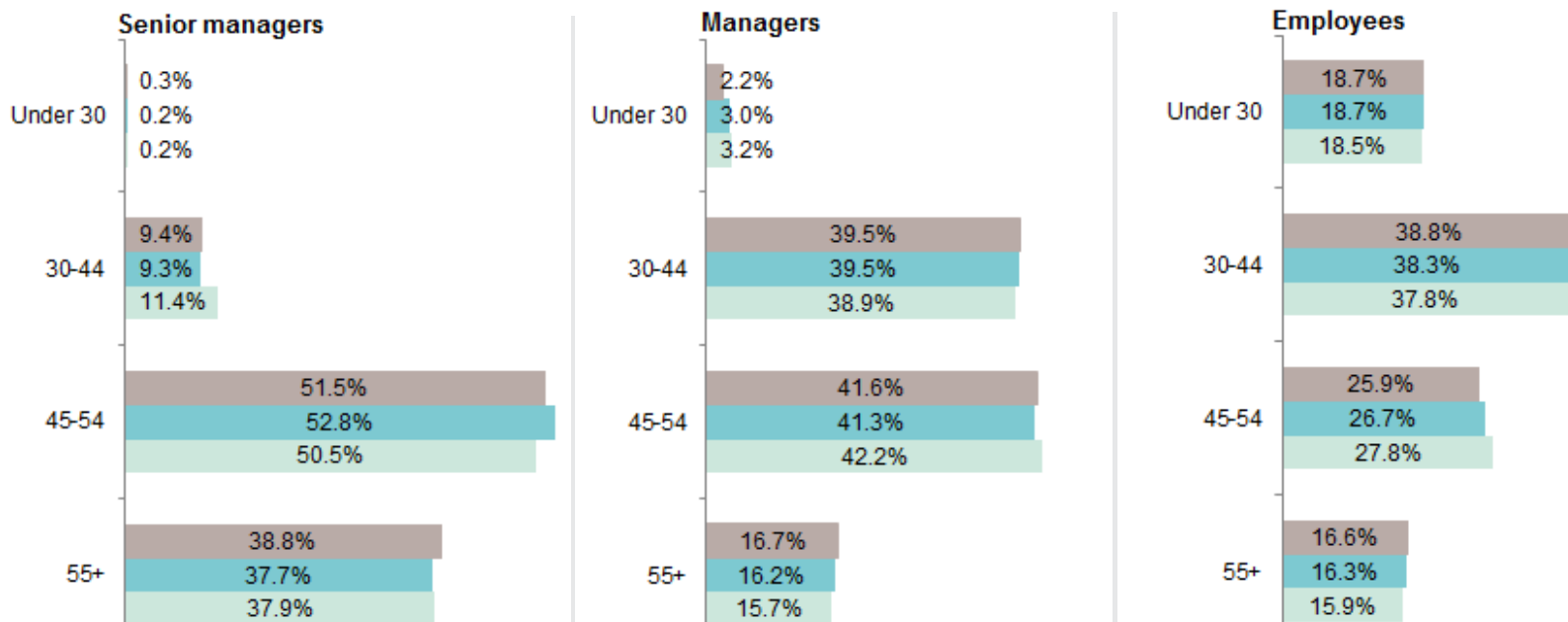


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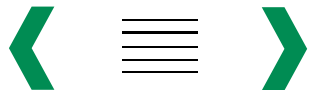
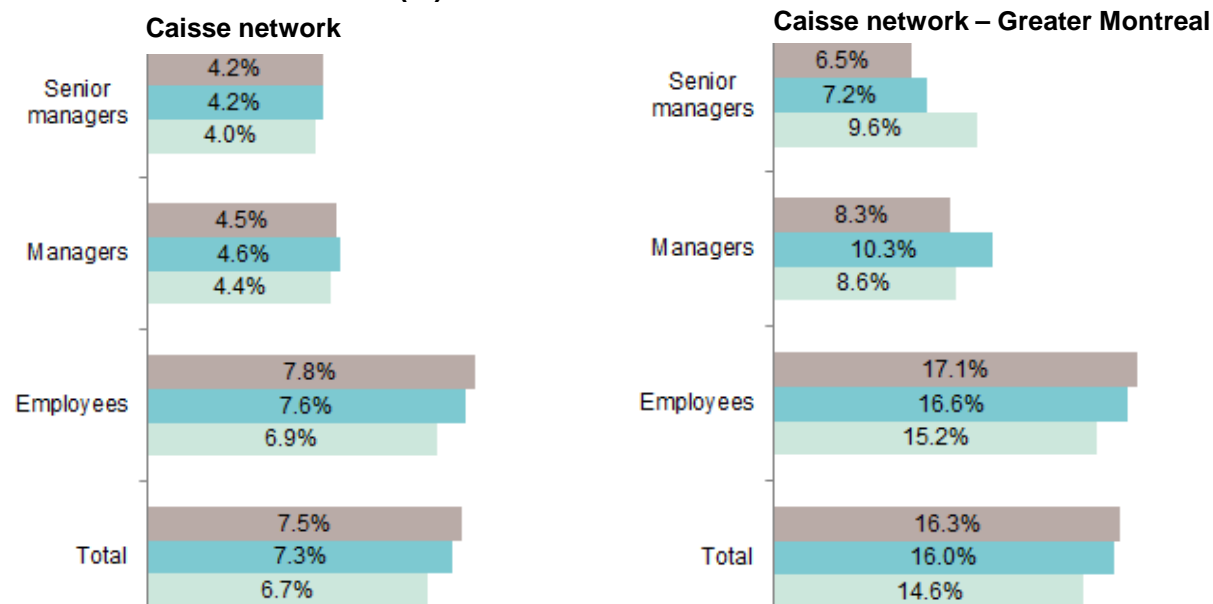
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Employee breakdown by age (%)

■ 2017 ■ 2016 ■ 2015



Representation of cultural communities (%)



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ANTI-CORRUPTION > MANAGEMENT APPROACH



We have a framework in place to ensure sound management of operational risk, in line with industry best practices and regulatory requirements, such as those set out in the Financial Crime Risk Management Guideline published by the Autorité des marchés financiers (AMF). The framework includes a process for preventing fraud and misconduct and management mechanisms for examining any situations or activities potentially linked to financial crime.

Code of Professional Conduct

Managers use operational risk management tools to identify, assess and mitigate significant risks, including those related to internal and external fraud. The Desjardins Code of Professional Conduct (the "Code") is a key tool in the fight against financial crime. As part of training on the Code, officers and employees are reminded of their responsibilities and duties, including the requirement to act with discretion, diligence, honesty and loyalty at all times. The same Code applies to all Desjardins Group entities, and all employees are required to read and sign it every year.

As a further safeguard, we have a consultation and decision-making process that involves input from various units across Desjardins whenever we make outside contributions.

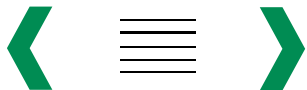
Reporting mechanism

For violations of our regulatory framework, including the Code, we have an external reporting mechanism that can be used anonymously and confidentially. It meets regulatory requirements in terms of accounting, internal accounting controls, audit, governance, ethics and professional conduct, including the AMF's Regulation 52-110 Respecting Audit Committees.

Policies

The following policies support our fight against corruption:

- Policy on Security and Credit Checks for Employment
- Policy Governing the Integrity and Competency of Desjardins Caisse Officers in Quebec
- Conflict of Interest Management Policy
- Desjardins Group Policy on Reporting Regulatory Violations
- Anti-Money Laundering and Anti-Terrorist Financing Regulatory Compliance Policy
- Policy on Compliance with International Anti-Tax Evasion Regulations



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ANTI-CORRUPTION ➤ MANAGEMENT APPROACH *(continued)*



We updated our Conflict of Interest Management Policy in 2017. It now applies to all Desjardins components, including the caisse network. We also developed new training to help employees and officers identify, report and handle conflicts of interest.

Anti-money laundering and anti-tax evasion

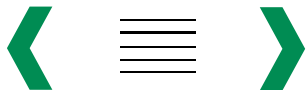
We appointed a Chief Anti-Money Laundering Officer, who is responsible for ensuring sound management of risks associated with money laundering, terrorist financing and international economic sanctions and other measures. We adjust our compliance program, policies, procedures and training regularly to reflect regulatory changes and emerging trends. This enables us to prevent, detect and report operations related to money laundering and terrorist financing.

We offer the following training courses on regulations and reporting requirements for unusual operations:

- Flag the Money
- Flag the Money: It's My Business Every Day
- Unusual Operation Notification
- The Role of the Compliance Officer and How to Approve Unusual Operation Notifications and Suspicious Transaction Reports

We've also appointed a Chief Anti-Tax Evasion Officer and developed a program to ensure compliance with regulatory requirements, including the intergovernmental agreement between Canada and the United States pursuant to the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) developed by the Organization for Economic Co-operation and Development (OECD), which Canada participates in along with more than 110 other tax jurisdictions. Our Anti-Tax Evasion 101 course teaches employees about our compliance program in this area and about new requirements and responsibilities applicable to Desjardins.

These initiatives foster a healthy regulatory compliance approach.



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ANTI-CORRUPTION > MANAGEMENT APPROACH *(continued)*



Our anti-money laundering, anti-terrorist financing and anti-tax evasion compliance programs include oversight of regulatory risks, which allows the compliance function to provide an opinion on the adequacy, application and effectiveness of control mechanisms. Our Chief Anti-Money Laundering and Anti-Tax Evasion Officer also evaluates the maturity of our compliance programs and benchmarks them against our targets to ensure ongoing improvement.

The Desjardins Group Monitoring Office provides an independent assessment of the design and effectiveness of the compliance management framework.

In addition, a fraud risk management program provides mechanisms for ensuring effective governance, identifying vulnerabilities and implementing controls for preventing and detecting fraudulent activities.

Lastly, we've set up a formal reporting process for senior management and various decision-making bodies to verify compliance and risk management issues.

Anti-corruption communication and training



As part of the training on the Code of Professional Conduct, officers and employees are reminded of their responsibilities and duties, including the requirement to act with discretion, diligence, honesty and loyalty at all times.

In 2017, 5,422 employees and officers took the Measure Your Professional Conduct Quotient training course, for a total of 30,295 participants since the training was launched in 2013.

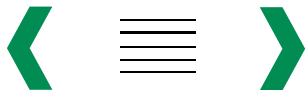
In July 2017, we introduced a new training course on managing conflicts of interest. So far, 25,248 employees and officers (or 50.6%) have taken the course.

2017 statistics for anti-money laundering training:

- 26,997 employees and officers took the Flag the Money and Flag the Money: It's My Business Every Day training courses

2017 statistics for anti-tax evasion training:

- 11,168 employees and officers took the Anti-Tax Evasion 101 training course



COMMUNITIES

When you choose Desjardins, you're enriching the lives of people and their communities.



Carbon neutral starting in **2017**

Environmental, social and governance criteria for all our business sectors

70 projects supported through the Development Fund



When you choose Desjardins, you're enriching the lives of people and their communities.

4.1 Community advantages

4.2 Socio-economic development

4.3 Volunteer and fundraising activities

4.4 Fight against climate change

4.5 Product portfolios

4.6 Responsible investment

4.7 Green and effective management

4.1 CONCRETE COMMUNITY ADVANTAGES

INDIRECT ECONOMIC IMPACTS ➤ MANAGEMENT APPROACH



At Desjardins, we help build stronger communities across Canada and around the world through local economic activity, support for businesses, job creation and training for elected officers.

Local economic activity

We have a huge distribution network with decentralized regional operations. We have a formal policy in place governing our decentralized structure so we can concretely support community well-being. Our subsidiaries also do their part to keep quality jobs in regions across Canada.

Support for businesses and job development

We offer a wide range of products and services that contribute to business and job development in rural and urban communities. We have specific programs in place, and we also work with in-house partners and external organizations:

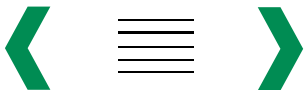
- Desjardins caisse network and business centres
- Desjardins Capital, through funds that include Capital régional et coopératif Desjardins, Capital croissance PME and Essor et coopération
- Our solidarity-based financing programs, Desjardins Microcredit to Businesses and CRÉAVENIR
- Place aux jeunes en région, Réseau des carrefours jeunesse-emploi du Québec and Adopt Inc.

Training for elected officers

We train our 4,351 elected officers on effective community involvement. First and foremost, they learn how to make the best decisions for their caisse's future. They also learn management and governance principles that they can apply to both their professional lives and civic engagement. This fosters community solidarity and helps to build a more democratic and participative society. Officer training is now mandatory.

Développement international Desjardins

Développement international Desjardins (DID) is our primary subsidiary operating outside North America. DID works to strengthen local financial institutions and the inclusive finance industry in developing and emerging countries. DID directly contributes to improving financial inclusion and access to financial services.



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INDIRECT ECONOMIC IMPACTS ➤ MANAGEMENT APPROACH (continued)



We present the indirect economic impacts of our operations in our annual report. Regional results are presented at the Desjardins caisses' annual general meetings, where members have an opportunity to have their say.

Help for people in difficult situations

Desjardins Disaster Relief Fund



The Desjardins Disaster Relief Fund provides emergency financial support to members and clients facing hardships following a disaster not covered by insurance. The fund has an annual budget of 1% of the net income of Desjardins General Insurance Group, up to \$1 million. It's available to help:

- Desjardins General Insurance Group and The Personal policyholders
- Desjardins Group members in Quebec

Desjardins provides another form of emergency financial support to communities recovering from disasters—natural or otherwise. In 2017, we helped some 40 members and clients who were affected by the Quebec floods.

2017 Quebec floods

In 2017, many municipalities across Quebec were flooded, and Desjardins was on the ground helping flood victims for weeks.

Employees, managers and officers pitched in to help with major cleanup efforts. Some 100 employees volunteered to help the Red Cross. All told, we spent 200 days aiding flood victims by providing moral support, handing out essentials and helping them apply for financial aid or products and services.

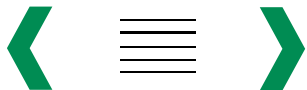
We acted quickly to provide solutions that worked for our members and clients to relieve some of the financial pressure they experienced in the wake of the floods. For example, we offered payment deferrals, emergency loans, personalized agreements and help filling out government forms. We also donated \$100,000 to the Canadian Red Cross's flood relief efforts.

Lac-Mégantic train derailment

Following an agreement with Montreal Maine and Atlantic Canada Co., Desjardins General Insurance Group has pledged \$100,000 to a Lac-Mégantic organization to support a major local initiative. Caisse Desjardins de la Région de Mégantic and Caisse Desjardins du Granit also donated \$50,000 and earmarked \$250,000 from our \$100 million development fund, for a total of \$400,000 toward reconstruction efforts.

Combating hail damage

Desjardins General Insurance Group supported the Alberta Severe Weather Management Society once again this year, pledging \$299,222 for its hailstorm suppression program. Hailstorms cause extensive damage in Alberta, which is why this program is so important to Albertans and to the property and casualty insurance industry.



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Encouraging better driving

Measurable results for Ajusto

Ajusto is an app that promotes safe driving by rewarding users with medals for making consecutive trips without incident (e.g., slamming on the brakes) or for keeping their driving score above a certain level. This challenges drivers to adopt—and maintain—better driving habits. In a 2017 survey of Ajusto users in Quebec and Ontario:

- Close to 75% of respondents said they had improved their driving by sticking closer to speed limits and by avoiding sharp acceleration, braking and cornering.
- Over 70% of respondents said they feel that Ajusto helps improve road safety and the safety of their passengers.

Road safety reports

Our recent acquisition State Farm Canada regularly publishes road safety reports:

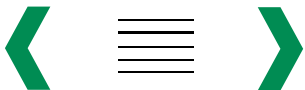
- Marijuana impaired driving: Some drivers believe that driving under the influence of marijuana is harmless. The study provides possible solutions to this problem.
- Bike safety: It's well known that cyclists and motorists don't really get along. The study covers some of the bad habits that parties are guilty of and offers road-sharing solutions.
- Pedestrian safety: The study presents ways to prevent road accidents involving pedestrians.
- Distracted driving: Canadians agree, distracted driving gets worse every year in terms of both its prevalence and the risks involved.

Education as accident prevention



Desjardins General Insurance Group promotes a range of activities and educational programs aimed at reducing the number of deaths and injuries that occur every year, and helping Canadian communities deal with these events.

- National Teen Driver Safety Week was launched in 2013 and has received the support of nine provinces and 84 municipalities across Canada. Its goal: to reduce the number of car crashes, the leading cause of death for 16- to 19-year-olds.
- Every year, we create road safety education and awareness campaigns on topics such as distracted driving, impaired driving and wildlife collisions.
- In 2017, State Farm teamed up with the Traffic Injury Research Foundation (TIRF) to create the Drug-Impaired Driving Learning Centre. This website presents all the risks associated with drug impaired driving. As part of our partnership with the TIRF, State Farm also introduced the Wildlife Roadsharing Resource Centre to educate Canadians about wildlife-vehicle collisions. Both projects inform the public about road safety and reduce the risk of road injury and death.
- In October 2017, we provided financial support to the Canadian Vision Zero Summit. Vision Zero, a program created in Sweden nearly 20 years ago, promotes road safety strategies to reduce injuries, property damage and death.



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4.2 RESPONSIBLE AND SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT

ECONOMIC PERFORMANCE ➤ MANAGEMENT APPROACH



Our economic performance is an integral part of our operations. We can measure our performance based on returns, financial stability and our contribution to sustainable and responsible prosperity.

We encourage economic development that respects both people and the environment while benefiting both present and future generations. Ever since Desjardins Group was founded, the caisse has been an engine of economic and social development by spreading financial literacy as a means of self-determination for individuals and communities.

At Desjardins, enriching the lives of our members and their communities is always at the forefront. To this end, we have developed tools and programs that fulfill our mission across the country, while the caisses serve their communities directly.



Support for partner organizations and foundational projects

Our caisse network is made up of 293 caisses, all of which are firmly rooted in their communities by their cooperative nature. Our caisses maintain partnerships and keep the conversation going with many community development stakeholders, such as municipalities, chambers of commerce and community organizations. These close relationships keep us informed on the needs of communities and involved in foundational projects.

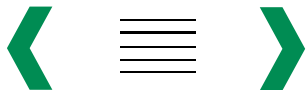
Community Development Funds (CDFs) are one way that Desjardins caisses finance foundational projects with positive economic impacts for the community. More than 95% of caisses have a CDF, which is made up of a portion of the caisse's surplus earnings as determined by a vote of members at their annual general meeting.

We use social and traditional media to boost community engagement, encourage people to join initiatives and promote foundational projects in the community. Through our close relationships with governments, municipalities and Canadian socio-economic organizations, we can help identify key issues and shape development initiatives.

We directly contribute to local economies thanks to the Shared Services Centre and the decentralized nature of our operations.

We draw on the expertise of local organizations to decide where, when and how to address specific community needs—proof again of our strong connections to local communities.

The Desjardins Economic Studies team produces regional and thematic reports, and analyses of changing consumer trends for caisse elected officers.



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ECONOMIC PERFORMANCE ➤ MANAGEMENT APPROACH *(continued)*



Quarterly financial reporting gives us the opportunity to analyze a wide range of indicators across all our business sectors. This gives our officers, employees, members, clients and investors all the information they need to make informed decisions.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

EC1

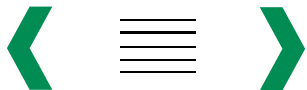
Desjardins Group (in millions of dollars)	2017	2016	2015
Operating income	\$15,413	\$14,082	\$13,880
Total income	17,101	15,201	15,242
Non-interest expenses	7,348	7,204	6,959
Salaries	2,808	2,909	2,830
Fringe benefits	644	639	645
Member dividends	202	144	154
Remuneration on capital stock	212	158	187
Income taxes	536	460	516
Indirect taxes	1,358	1,326	1,254
Sponsorships, donations and bursaries	82	82	81
Undistributed surplus earnings and reserves	18,067	16,581	14,657

Shared Services Centre: Decentralization of administrative activities

EC8

On January 1, 2015, we created Desjardins Shared Services Group, a service company that brings together all the 1,300 employees providing administrative services to the caisse network. In choosing the 22 shared services offices, one of which is in Ontario, we looked for locations that would decentralize activities to outlying regions and strike a balance between Quebec's three major regions (Western, Central and Eastern Quebec).

By year-end 2015, the Shared Services Centre was fully operational. By consolidating all their administrative activities, the caisses are now able to focus more on business development and service delivery—all for the benefit of our members and clients.



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4.1 Community advantages

4.2 Socio-economic development

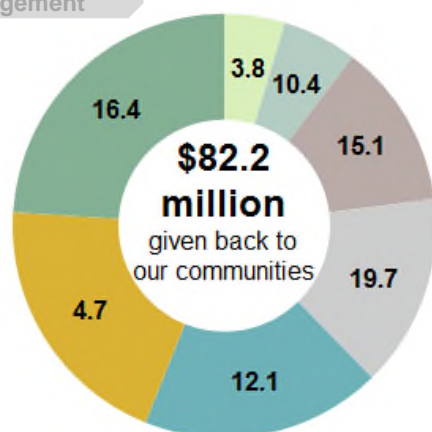
4.3 Volunteer and fundraising activities

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Creating jobs where they're needed

EC8 GRI

One way we support regional development is by decentralizing some of our activities. Many of our AccèsD call centres, for example, have been operating outside urban centres for several years now:

Granby

We have **230** employees who work out of the Carrefour de la coopération in Granby, which shares a building with Caisse Desjardins Granby – Haute-Yamaska

Trois-Rivières

We have close to **500** employees in our two call centres in Trois-Rivières, which serve individuals and businesses

Gaspé

We have a student advisory centre in Gaspé, which handles government-backed student loans and employs nearly **100** people

Donations and sponsorships

EC1 GRI

At Desjardins, we demonstrate our commitment to sustainable community development through our investments. In 2017, we distributed \$82.2 million in donations, sponsorships, philanthropic partnerships and scholarships. This figure includes \$38.3 million from the caisses' Community Development Funds (CDFs).

Donations and sponsorships (Federation, caisses, components, CDF) (in millions of dollars)

	2017	2016	2015
Cooperation	\$3.8	\$3.1	\$3.8
Culture	10.4	7.4	7.9
Economic development	15.1	18.7	16.9
Education	19.7	18.4	18.3
Humanitarian causes and community services	12.1	11.4	10.5
Prestige	4.7	5.2	4.9
Health and well-being	16.4	17.3	18.7
Total	\$82.2	\$81.5	\$81.0

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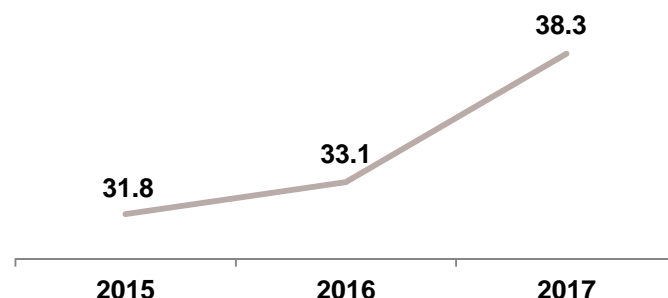
Thousands of projects supported by Community Development Funds

EC1 

Our Community Development Funds are a concrete example of the spirit of solidarity shared by Desjardins caisse members. At each caisse's general meeting, members can decide to give up a portion of their individual dividend and deposit it into their fund, which is managed by the caisse's board of directors.

By contributing to their fund, caisse members are helping to support foundational projects in their communities.

Money given out by CDFs
(in millions of dollars)



Initiatives supported by our Community Development Funds in 2017

We post videos of these initiatives on our website. It's an inspiring collection of stories and proof of the great work that our caisses and members are doing in their communities.



Learn more:

<https://www.desjardins.com/ca/co-opme/desjardins-difference/being-member-contributing-endeavours/index.jsp>

\$100 million development fund

EC1 

We created the \$100 million development fund with a view to grow our ability to act and strengthen our socio-economic leadership. We use the fund to invest in initiatives and projects that are in line with our socio-economic mission to support entrepreneurship, education, social responsibility, sustainable development and community involvement.

Our regional councils and the group caisse council play a central role in the administration of this fund. They're responsible for identifying key investment areas they want to prioritize. Officers analyze the community's needs and discuss them with the regional and group caisse councils. As at December 31, 2017, a total of nearly \$20 million from the fund has been used to support 70 projects that benefited members and communities in various regions. Through the fund, we helped:

- Rebuild the Théâtre de la Vieille Forge in the town of Petite-Vallée in the Gaspé Peninsula
- Fund the annual job exploration event Carrefour des professions d'avenir organized by the Table régionale de l'éducation du Centre-du-Québec
- Test an anti-bullying virtual reality tool created in partnership with Carrefour jeunesse-emploi Arthabaska and Impact Emploi de L'Érable
- Launch Mon premier emploi manufacturier, a project created by the Commission scolaire des Chênes to help high school students find their first manufacturing job
- Build a new space and provide scholarships for the Social Innovation Workshop at Ottawa's Saint Paul University

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4.3 VOLUNTEER AND FUNDRAISING ACTIVITIES

When you choose Desjardins, you choose more than a financial institution. You also choose to take part in a great cooperative movement and actively contribute to improving the lives of people and communities.

By contributing time, money and resources, our organization, our 45,547 employees and managers and our 4,351 officers form a powerful driver of sustainability. We set ourselves apart through our commitment and generosity, along with all the other characteristics of our cooperative difference. This difference is one of Desjardins's main sources of pride.

Whether it's a scoreboard at the local arena, the oncology department of a university hospital or a school auditorium, we're proud to put our name and brand on anything that makes a difference in people's lives. We thank our employees, managers, officers, members and clients for playing their part in making these projects and initiatives a reality.

Montreal's 375th anniversary celebrations

Close to a century ago, Desjardins planted roots in Montreal. In 2017, we were proud to celebrate the city's 375th anniversary as a major sponsor of the festivities along with 11 other organizations.

We were there for the 19 weekends of the Neighbourhoods Come Alive events. Every week, locals were invited to take part in VivaCité, a fun and exciting obstacle course for young and old alike.

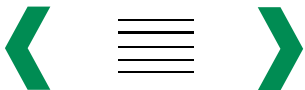
Participants collected points by taking up the various challenges. The more points they collected, the more money we donated to three youth organizations in each of the city's 19 boroughs. All told, we raised more than \$37,500 for 57 youth organizations. Concretely, the VivaCité events had a direct positive impact for over 6,000 young people.

The Cooperathon: Innovation that benefits people and communities

We were involved in the second annual Cooperathon, Canada's largest open innovation competition. After a 28-day race to innovation, more than 600 participants, experts and mentors crossed the finish line. Winners were selected for each of the four categories: Smart City, Fintech, Education and Health, plus a new business was awarded the Impact Startup prize.

The 2017 Cooperathon was a resounding success, attracting twice as many participants as the year before and garnering national attention. For the first time, there were Cooperathons in Quebec City/Lévis and Lyon, France, in 2017 (in addition to Montreal).

The \$10,000 collected in registration fees were donated to the Fondation du Dr Julien, a social organization whose mission is to ensure that all children in underprivileged communities have access to social pediatric care.



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Desjardins Cares and Shares: **More than \$4.3 million raised**

EC1 GRI

Desjardins employees, officers and retirees showed their generosity once again by participating in the 2017 Desjardins Cares and Shares campaign to raise funds for the United Way/Centraide, the Red Cross and the Desjardins Foundation. The 2017 campaign raised more than \$4.3 million, with \$907,204 going to the Desjardins Foundation. This donation will go toward helping kids stay in school and succeed academically.

- In Quebec, \$847,403 will be reinvested in the community over the course of 2018 to encourage kids to stay in school.
- In Ontario, \$59,801 will go towards helping the Foundation develop projects and assist youth.

A helping hand for youth

EC1 GRI

Coming together during Co-op Week

We organized many activities in support of academic success during the 2017 Co-op Week. About 7,100 of our employees and officers participated in 50 volunteer activities in Auberges du cœur youth shelters and numerous other projects to encourage the success of young people. On October 19 alone, we raised a total of \$1.5 million for the cause. The funds were distributed to schools and organizations across Quebec and Ontario to help kids achieve their educational dreams.

The Desjardins Foundation will donate a total of \$90,000 over the course of three years to the Auberges du cœur foundation to help the youth shelter residents through school.

Recognizing youth civic engagement

We teamed up with COOPSCO to run a contest to recognize the civic engagement of young student members involved in community organizations. This was the first year we ran the contest, and we received more than 120 entries.

We awarded \$1,000 scholarships to each of the five winners, plus a \$500 savings product. We also donated \$1,000 to the organizations the winners worked with.

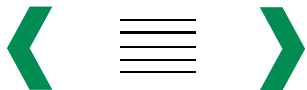
Fighting bullying and violence

The Desjardins Foundation has pledged to provide financial support to the Fondation Jasmin Roy, whose mission is to fight bullying and violence in schools. We donated \$30,000 to create the Emotion Game to help children between 3 and 7 years old, and their parents, learn to talk about emotions.

The Emotion Game, which helps children adopt positive behaviours in the classroom and beyond, fights violence and bullying in school before it happens by teaching kids to listen, socialize and express their emotions.

Going the extra mile with the Grand Défi Pierre Lavoie cycling marathon

In 2017, 26 Desjardins employees conquered a 1,000-kilometre bike run, raising \$140,000 to help 38 schools in Quebec and Ontario promote healthy lifestyle choices.



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Cycling 6 million kilometres throughout Quebec and Ontario

In 2017, we launched the community movement kmdesjardins.com. All summer long, 31,204 participants tracked the number of kilometres they cycled, discovering first-hand the benefits of cycling on their health, their finances, the environment and the community. To reinforce the importance of active living, we donated \$30,000 to 16 schools in Quebec and Ontario to support projects that encourage kids to be active.

Montreal-Lévis relay race for education

A group of Desjardins employees organized a 275-kilometre relay race between the Montreal and Lévis offices. For 30 hours, runners handed off the proverbial baton, only stopping to drop off the funds collected. We raised more than \$22,000 to support educational projects in seven elementary and high schools along the Chemin du Roy (a highway that runs along the north shore of the Saint Lawrence River).

Desjardins Endowment Funds

The Desjardins Endowment Funds are a long-term investment in causes that matter to donors. Through these funds, the Desjardins Foundation promotes philanthropic action by enabling members and clients to make and plan donations and maximize their impact on their communities. In 2017, the Desjardins Foundation helped 41 donors set up a personal endowment fund for the causes they support. A total of 22 donations were made through the endowment funds throughout the year.

Programs to support our employees' volunteer efforts

EC1 

Recognizing our employees' volunteer work drives employee engagement and encourages concrete action in the community. Here are a few of our programs.

Operation Red Nose

In Quebec, Desjardins has been the lead sponsor of Operation Red Nose since it was first created 34 years ago. Desjardins General Insurance Group (DGIG) is its official insurer, providing coverage for its premises, equipment and vehicles. Operation Red Nose helps organizations dedicated to youth issues and amateur sports in Quebec every year through its road safety campaign.

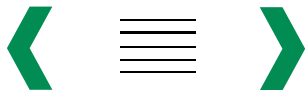
2017 figures:

- 71,430 rides across Canada (with 53,743 in Quebec)
- 51,261 Canadians (including 39,668 Quebecers) volunteered as designated drivers for at least one night, keeping the roads safe for everyone during the holiday season

Desjardins General Insurance Group Outreach Program

Desjardins General Insurance Group (DGIG) created the Outreach Program in March 2015. When individual employees do more than 40 hours of volunteer work or when teams hold an event that requires at least 40 hours of volunteer work for an eligible organization during the year, DGIG donates \$500 to the organization on the employees' behalf. Plus, for employees who participate in a fundraiser for an eligible organization, DGIG matches the funds raised, up to \$100 for an individual or \$250 for a team.

In 2017, more than 200 new volunteers signed up, bringing the total number of employees in the Outreach Program to 1,100. Together, employees volunteered 3,719.25 hours of their time and DGIG donated \$26,000 to 75 organizations. By supporting its employees' community involvement, DGIG hopes to encourage actions that are in line with its own corporate values.



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Mentorships for the leaders of tomorrow

We named 100 young members of Desjardins caisses in Quebec and Ontario between the ages of 14 and 17 "Young Leaders of Tomorrow." Each winner was paired with a young Desjardins manager, who provided a year of mentoring to encourage them to continue their hard work and guide them in their development and career choices.

Some of the topics mentors and mentees discussed included business, time management techniques and career possibilities. It's a very personal way of encouraging young people to strive for academic success.

A healthier future for underprivileged children

For 15 years, the Full-Service Brokerage team has supported the Montreal Canadiens' Children's Foundation. The Foundation works with organizations that provide a better and healthier future for children in need. In 2016–2017, several fundraisers were held to get the whole team on board. The team raised more than \$508,000, for a total of \$5.8 million over the years.

Cooperation volunteer work

Our payments and financing teams showed their support to non-profits partnered with Desjardins and other philanthropic organizations. All told, they contributed \$81,302 in donations and sponsorships to 52 charities in 2017.

Cooperation, a program that supports employees' volunteer work, raised 20% of the total amount distributed. The program provides logistical support for fundraising events. We also provide financial support to the organizations our employees work with.

Some 130 employees took part in the program by volunteering for a charitable cause in 2017, with 78 employees participating in volunteer efforts in the Montreal area.

Cooperative citizenship at AccèsD

For 10 years, AccèsD's Citoyen coopératif program has been matching up organizations with employees who want to give back, whether by donating money, volunteering their time or giving blood. The program aims to:

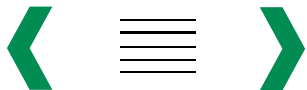
- Engage employees by encouraging them to give back
- Help create change in local communities
- Show Desjardins's commitment to volunteerism

The program enabled us to give back \$70,000 to the community in 2017.

Over the past five years, nearly 4,000 volunteer initiatives have been recorded.

Support program for Développement international Desjardins partners

Over the course of the year, experts volunteer the equivalent of nearly 900 days of work to provide support to Développement international Desjardins partners. They shared their knowledge in the fields of credit management, governance, communications, manager training and internal controls. Volunteers are often Desjardins Group retirees who want to get involved with financial cooperatives in emerging or developing countries.



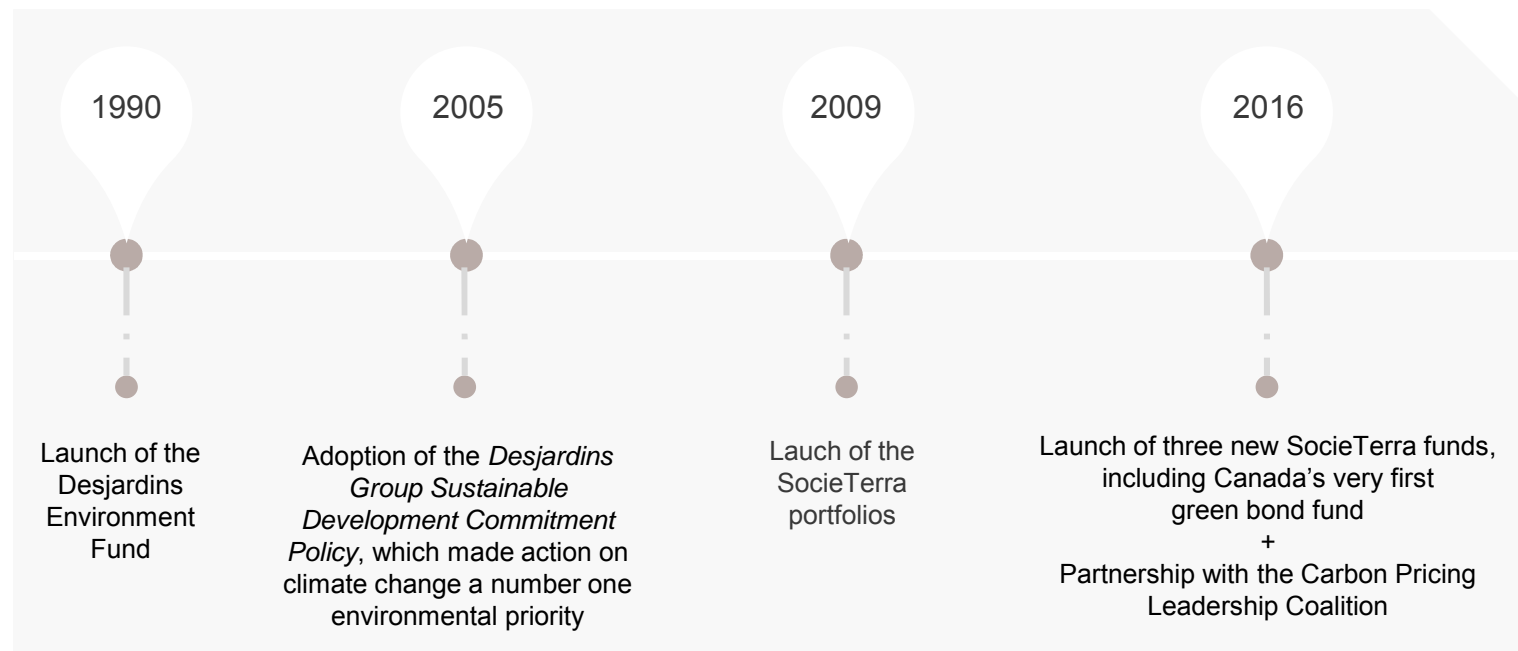
When you choose Desjardins, you're enriching the lives of people and their communities.

4.4 THE FIGHT AGAINST CLIMATE CHANGE

Climate change is causing serious, irreparable damage to the economic and social well-being of people and communities. As a financial cooperative group, we feel that it's our duty to lead by example and support the transition to clean energy.

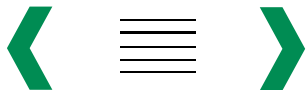
For 25 years, we have taken concrete actions to make a difference for the environment:

- 4.1 Community advantages
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- 4.4 Fight against climate change**
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At Desjardins, we're well aware of the urgent need for action. That's why the Desjardins Group Board of Directors adopted a Desjardins-wide position to ensure we contribute to the goals of the Paris Agreement.

This high-level, strategic approach is incorporated into our 2018–2020 strategic plan, which prioritizes the development of a sustainable and responsible economy.



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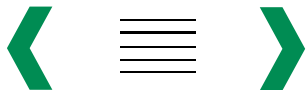
NEW PRACTICES TO SUPPORT THE TRANSITION TO CLEAN ENERGY

New practices will be implemented across Desjardins to help us transition to clean energy and affirm our leadership in the shift to a low-carbon economy:

- In 2017, we instituted a policy to become carbon neutral by purchasing carbon credits to offset our greenhouse gas (GHG) emissions.
- We will focus on renewables when directly investing our own assets in energy infrastructure, and the Desjardins Group Pension Plan will do the same.
- We will ensure that by 2020, the carbon footprint of our own assets invested in the markets is 25% less than the average GHG emissions of the companies that make up the stock and bond market indices.
- For all business decisions, we're gradually applying new authorization criteria that take environmental, social and governance factors into consideration.
- We will roll out initiatives to help both business and individual members transition to clean energy by updating our offering of green financial products.

We will also continue to work with companies operating in the oil and gas industry to help them move to a low-carbon economy. Going forward, our new criteria will apply. We will continue working with the industry and uphold the commitments we have made to our members and clients in this field. Some of these companies are also very invested in developing renewable energy sources.

As a socio-economic leader in tune with our members' and clients' desire for a greener economy, we will integrate practices into team objectives and report on them by the 2018 fiscal year-end.



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4.5 PRODUCT PORTFOLIOS THAT RUN THE GAMUT

PRODUCT RESPONSIBILITY ➤ MANAGEMENT APPROACH



As a financial services cooperative, we contribute to the social and economic well-being of people and communities through products and services designed to meet the needs of all our members and clients. We hold to our mission and cooperative values by promoting sound personal financial habits and contributing to sustainable community growth with our socially responsible offering.

Our sustainable development policy provides a framework for promoting sustainable development and implementing the necessary business and management practices. In line with this policy, we have created exclusive environmentally friendly products like our Green Homes Program, funds such as the Desjardins SocieTerra Environment Fund, green savings on insurance, our Green option auto loan and our Energy-Efficiency Loan for businesses.

We have also established a financial education policy to give people the skills, know-how and ability to make responsible financial decisions.

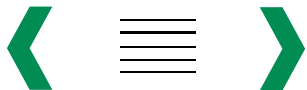
At Desjardins, we believe that solidarity-based financing is a source of sustainable prosperity. To this end, we build strategic partnerships with community organizations to offer these types of financing programs. These programs provide financial support and education adapted to the needs of the financially vulnerable. In 2017, we invested \$8 million in these programs.

Environmental, social and governance factors

Desjardins pioneered the responsible investment movement in Canada. Today, we are a leading proponent of the approach across the country. Responsible investment means integrating environmental, social and governance (ESG) issues into investment choices and management.

We take a long-term view and invest in companies with a focus on sustainable development. Some of the responsible investment products we sell include the SocieTerra funds and portfolios. According to the responsible investment policy, securities are selected and managed using the following four criteria:

- We screen out investments in companies associated with negative environmental or social impacts or side effects.
- We incorporate extra-financial ESG criteria in the selection and management of companies we invest in.
- We use shareholder engagement to incite change.
- We form coalitions with other institutional investors to lobby for improvements in corporate policy, industry standards, and national and international regulations.



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PRODUCT RESPONSIBILITY ➤ MANAGEMENT APPROACH *(continued)*



New authorization criteria that take ESG factors into consideration will be part of all our business decisions. In concrete terms, before making a business decision, our teams will look at whether the partner:

- Has consulted with the affected communities, including First Nations communities
- Has a comprehensive plan to substantially reduce their carbon footprint and manage the risks posed by climate change
- Has compensation and workplace health and safety policies in place

We will gradually apply these guidelines to all sectors of activity, including wealth management, life insurance, property and casualty insurance, business financing and development capital.

We also plan on progressively reducing the carbon footprint of our own investment portfolio. For our own assets and for the Desjardins Group Pension Plan (DGPP), we will focus on renewables when investing in energy infrastructure.



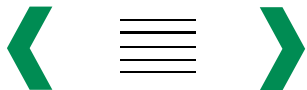
The growing popularity of our responsible financial products and services clearly shows that they meet the needs of our members and clients. As at December 31, 2017, close to 416,000 members and clients have opted for the products and services in our green program. We continually review and enhance our product line to ensure that it meets the expectations of our members and clients.

We will ensure that by 2020, the carbon footprint of our own assets invested in the markets is 25% less than the average greenhouse gas emissions of the companies that make up the stock and bond market indices.

Policies with specific environmental and social components



- | | |
|---|--|
| ▪ Sustainable development | ▪ Courtesy vehicles |
| ▪ Financial education | ▪ Procurement |
| ▪ Regional development | ▪ Disposition of property |
| ▪ Community involvement for the caisses | ▪ Standards for caisse Community Development Funds |
| ▪ Regional decentralization | ▪ A supplier code of conduct |
| ▪ Vehicle use by managers (including an environmental option) | ▪ A code of professional conduct |
| ▪ Business travel for employees | |



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Green discounts for drivers

FS8 GRI

With our Green option auto loan, clients can buy a new hybrid or electric car at a competitive fixed rate and, depending on the province, may qualify for a discount on their car insurance. More than 55 new hybrid and electric models are eligible for the exclusive financing rate.



More reasons to invest in a green home

FS8 GRI

We encourage our members and clients to invest in environmentally friendly homes. With our Green Homes Program, those who purchase a new build or make green renovations are eligible for a wide range of advantages, including:

- Cash back on their mortgage
- Discounts, free products and services, competitive rates and much more

The initiative is part of our broader mission to reduce our collective environmental footprint by improving the quality and energy efficiency of residential buildings. A total of 632 homeowners have benefited from the program since it was launched in 2014.

➤ To learn more:

<https://www.desjardins.com/ca/personal/loans-credit/mortgages/green-homes-program/index.jsp>

Développement international Desjardins and the environment

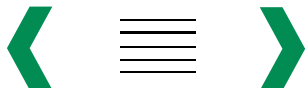
Développement international Desjardins (DID) is an agent of change, and as such, promotes better use of natural resources, environmentally responsible agricultural practices and measures to mitigate climate risks.

DID partnered with the Canadian firm Econoler on an innovative green financing project in Paraguay, with financial support from the Inter-American Development Bank.

DID participated in two international forums to showcase the role of inclusive finance in the fight against climate change.

➤ To learn more:

- <http://www.did.gc.ca/en/news/383-good-reasons-introduce-green-finance-180/>
- <http://www.did.gc.ca/en/news/did-highlights-the-role-inclusive-inclusive-191/>



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The rise of renewable energy

We contribute to the development of renewable energy through our financing and investments. As at December 31, 2017, our financing and investments in this sector totalled \$2.15 billion.

Financing for large businesses

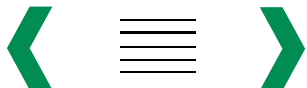
We provide financing support to large businesses involved with renewable energy sources. As at December 31, 2017, the total financing volume was \$1.15 billion.

Infrastructure portfolio

The market value of our infrastructure portfolio was approximately \$2.2 billion as at December 31, 2017. Investments in the renewable energy industry make up close to \$1 billion, representing a significant portion of our portfolio (46%), and include 48 assets held with strategic partners.

The Desjardins Group Pension Plan (DGPP) made acquisitions and reinvestments that enabled us to grow the infrastructure portion of our investments and invest in the expansion of renewable energy sources in 2017, including:

- The 100-megawatt Windsor and Southgate solar farms in southern Ontario, a project that stems from the business relationship we've been developing with our strategic partner CC&L in recent years
- A portfolio of five wind farms in France, with a total production capacity of 162 megawatts, a large-scale, high-quality portfolio that was a major addition to the DGPP's renewable energy holdings in Europe
- The 100-megawatt Kingston solar farm outside Kingston, Ontario, a reinvestment made possible by our strong relationship with CC&L



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4.6 RESPONSIBLE INVESTMENT

SHAREHOLDER ENGAGEMENT > MANAGEMENT APPROACH



We offer savings products that stand out by a responsible investment approach. Shareholder engagement is a fundamental part of our responsible investing strategy. It allows us to interact directly with companies selected for our investment portfolio and open a dialogue that brings about improvements in the ways they manage environmental, social and governance (ESG) issues.



SocieTerra funds and portfolios seek to influence targeted companies whose shares they hold by initiating dialogue, submitting shareholder proposals and exercising shareholder voting rights at annual general meetings.

For companies to qualify for our responsible investment products, they must undergo two types of analysis: one using financial criteria, and another more thorough analysis using ESG criteria.

A number of Desjardins entities, namely Desjardins Investments, Desjardins Global Asset Management, Développement international Desjardins and the Caisse d'économie solidaire, are signatories to the Principles of Responsible Investment. DID is also a member of the Global Impact Investing Network and a founding member of the Canada Forum for Impact Investment and Development.



A public report is produced each year at the close of the cycle. Details of our products and services are disclosed under indicator **FS8**.

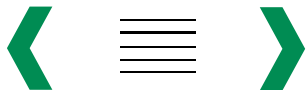


SocieTerra funds and portfolios

Desjardins Investments' offer includes products made up of issuing entities (public companies, governments, etc.) that incorporate socially responsible and environmentally friendly practices.

In order to qualify for inclusion in the SocieTerra funds and portfolios, companies must pass an evaluation based on the following criteria:

- A thorough analysis of ESG factors
- An analysis of financial criteria



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Assets under management in SocieTerra funds and portfolios as at December 31 (in millions of dollars)¹

	2017	2016	2015
Desjardins SocieTerra Canadian Bond Fund	1.7	2.0	0.1
Desjardins SocieTerra Environmental Bond Fund	42.5	0.8	- ²
Desjardins SocieTerra Canadian Equity Fund	0.0	- ³	- ³
Desjardins SocieTerra American Equity Fund	2.0	0.5	- ²
Desjardins SocieTerra Environment Fund	103.1	107.8	120.1
Desjardins SocieTerra Cleantech Fund	19.1	3.0	- ²
SocieTerra Conservative Portfolio	468.6	453.2	336.0
SocieTerra Balanced Portfolio	713.6	1,007.6	770.4
SocieTerra Growth Portfolio	383.6	638.9	508.8
SocieTerra Maximum Growth Portfolio	1,129.7	320.6	240.8
Total	2,863.9	2,534.4	1,976.2

¹ To avoid double counting, assets in individual funds (Desjardins Funds) do not include the amounts invested in the four SocieTerra portfolios, which consist of a variety of funds including the Desjardins Funds listed above.

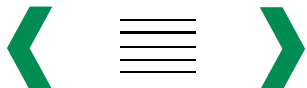
² Fund launched in 2016.

³ Fund launched in November 2017.

➤ To learn more:

- Socially responsible investing
<https://www.desjardins.com/ca/landing-page/responsible-investing/index.jsp>
- Understanding responsible investing
<http://www.desjardins.com/ri>

- What is responsible investing?
<http://www.letsthinkRI.com/>
- Desjardins Funds Policy on the Exercise of Proxy Voting Rights:
https://www.desjardinsfunds.com/information/droit_vote_en.pdf



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Priority Terra Guaranteed Investment

Our Priority Terra Guaranteed Investment's objective is twofold: diversifying investors' portfolios and supporting environmentally responsible companies. We use strict environmental criteria to carefully select companies from across a range of economic sectors. We look for companies that are leaders in their industries and that set ambitious targets for reducing their environmental impact through initiatives such as lowering greenhouse gas emissions or water consumption.

Priority Terra assets under management as at December 31 (in millions of dollars)

	2017	2016	2015
3-year Priority Terra	103.4	88.6	74.2
5-year Priority Terra	391.1	320.6	204.0
Total	494.5	409.2	278.2

➤ To learn more: <https://www.desjardins.com/ca/personal/savings-investment/market-linked-guaranteed-investments/priority-terra-guaranteed-investment/index.jsp?gclid=ClbzqL2CpcoCFcwWHwodA4UBqA>

Desjardins Securities discretionary management

Desjardins Securities works with Desjardins Global Asset Management and external investment firms to offer investors an array of responsible choices and access to renowned portfolio managers. Starting with an investor's profile, risk tolerance and preferences in terms of ESG factors, the Desjardins Securities advisor draws up an investment policy that includes management mandates to help yield the desired results. We offer three products that use a responsible investment approach.

Responsible investment assets under management as at December 31 (discretionary management) (in millions of dollars)

	2017	2016	2015
Ethical Canadian Equity Fund (NEI Investments and QV Investors)	0.7	0.5	0.4
Global Dividend Fund (NEI Investments and Amundi)	4.4	5.2	9.5
Large capitalization - Future (Desjardins Global Asset Management)	3.6	4.4	5.2
Total	8.7	10.1	15.1

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Group retirement savings

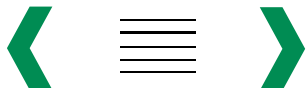
Desjardins Financial Security (DFS) has a group retirement savings offer that boasts three responsible investment funds. These fund portfolios are put together based on a financial analysis of companies as well as a thorough review of ESG factors. This offer incites change by influencing companies through dialogue, shareholder proposals and proxy voting rights. DFS also offers a “lifecycle” portfolio to group retirement savings plan sponsors. These are made up of the funds in the table below. Plan members can choose the lifecycle that corresponds to their risk tolerance, whether they're more conservative, balanced or aggressive. The asset allocation in these portfolios is automatically adjusted based on the plan member's investment horizon.

DFS takes into account specific responsible investment criteria when setting up the funds as a way to ensure that the funds' ratings and the investment process are in line with the investment manager's practices. DFS produces a document for plan sponsors that presents the level of integration of ESG factors for the funds it offers. This document also explains the method(s) used for each fund: investment screening, sustainability themed investing, integrated analysis, and active ownership and engagement.

Responsible investment assets under management as at December 31 (group retirement savings) (in millions of dollars)

	2017	2016	2015
NEI Canadian Bond Fund	5.0	4.3	2.5
NEI Ethical Canadian Equity	5.9	11.6	5.9
NEI Ethical Global Equity	4.2	3.0	0.9
Total	15.1	18.9	9.3

+ To learn more: <https://www.desjardinslifeinsurance.com/en/group-retirement-savings-participants>



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Desjardins Private Wealth Management

Desjardins Private Wealth Management also offers a number of funds that use a responsible investment approach.

Responsible investment assets under management as at December 31 (private wealth management) (in millions of dollars)

	2017	2016	2015
Bonds	1.2	0.9	1.3
Canadian equity	35.4	34.3	31.7
U.S. equity	18.5	14.8	16.8
Total	55.1	50.0	49.8

Desjardins Global Asset Management

Desjardins Global Asset Management (DGAM) manages investments for institutional clients and provides, among other things, responsible investment strategies, some of which have been covered in other sections of this report. As at December 31, 2017, DGAM held close to \$2 billion in responsible investment assets under management—a figure that has steadily grown over the past three years.

Responsible investment assets under management as at December 31 (DGAM) (in millions of dollars)

	2017	2016	2015
Environmental global equity ¹	418.2	405.0	398.1
Canadian bonds ¹	1,103.1	1,035.8	906.0
ESG Canadian equity ¹	439.8	- ²	- ²
Total	1,961.1	1,440.8	1,304.1

¹ Assets under management include assets in SocieTerra funds and portfolios.

² Fund launched in November 2017.



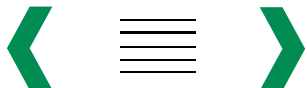
To learn more:

- DGAM socially responsible investing

<https://www.desjardins.com/ca/business/investment/global-asset-management/investment-solutions/responsible-investing/index.jsp>

- DGAM Policy on the Exercise of Proxy Voting Rights

<https://www.desjardins.com/ressources/pdf/c15-policy-exercise-voting-right-e.pdf>



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Active ownership and engaging in dialogue

FS10 

Shareholder dialogue is a strategy whereby a shareholder (or their representative) uses verbal and written exchanges with the company to build a relationship that allows them to:

- Raise concerns
- Ask for information
- Seek a change in behaviour

A number of Desjardins entities, such as Desjardins Investments, used their position to hold dialogues with 90 issuers of securities in 2017. The dialogues touched on a broad range of issues identified in a risk analysis of each company's corporate governance, environmental and social responsibility practices. These dialogues were all conducted directly by our responsible investment team or by external SocieTerra portfolio managers. We publish a report on the outcome every year.

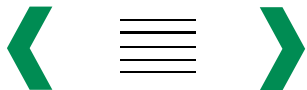
Assets subject to positive and negative environmental or social screening

FS11 

Desjardins Wealth Management evaluated the equivalent of \$3.6 billion in assets against environmental and social criteria to screen out investments with negative impacts or side effects in these areas. It also screened the equivalent of \$86.7 billion in assets against norm-based criteria.

Investment funds for emerging and developing countries

Through the Partnership Funds and Desjardins Fund for Inclusive Finance, Développement international Desjardins supports 12 inclusive financial institutions in 12 countries as well as four investment funds helping the families of over 758,000 clients. DID also served as a consultant to the government of Canada on the creation of the new Development Finance Institute Canada.



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4.7 GREEN AND EFFECTIVE MANAGEMENT

REDUCING OUR GREENHOUSE GAS EMISSIONS

MANAGEMENT OF ENERGY USE AND GREENHOUSE GAS EMISSIONS

MANAGEMENT APPROACHES



Climate change is one of the biggest threats facing the world today, which is why it is the main focus of our environmental efforts. We've taken action on the largest greenhouse gas (GHG) emitters:

Transportation

We make it easier for employees to use alternative transportation.

Paper consumption

An employee working in the finance sector consumes between 50 and 75 kg of paper, or 10,000 sheets, every year. A life cycle analysis of paper products clearly demonstrates the environmental impact of paper consumption:

- Deforestation
- Consumption of non-renewable energy resources and other fossil fuels
- GHG emissions
- High consumption of water
- Creation of de-inking sludge and effluent containing toxic compounds (for recycled paper)
- Use of bleaching chemicals, such as chlorine, which produce pollutants with potentially high toxicity levels

Energy consumption

Desjardins is the largest private-sector employer and landowner in Quebec. As such, we use a lot of energy to heat, cool and light our office spaces and power our computer equipment. To mitigate the impact of our energy consumption, we've implemented a number of energy efficiency measures, which also help us lower our energy costs considerably. Our strategy is not to coerce, but to incentivize.



Sustainable transportation

To lighten the environmental load of our employees' travel, we introduced the Alternative Transportation Program. We also have the Desjardins shuttle for employees travelling between the Montreal and Lévis offices.

What's more, our automobile policy, which applies to company vehicles, includes financial incentives to choose fuel-efficient models and charges penalties when fuel consumption targets are exceeded. Any penalties we collect are invested in sustainable development initiatives.

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MANAGEMENT OF ENERGY USE AND GREENHOUSE GAS EMISSIONS

MANAGEMENT APPROACHES *(continued)*



We have a variety of measures in place to track the number of public transit and active commuters, and fuel consumption in our fleet of company vehicles. The results are evaluated every year.

Some Desjardins employees can work from home for a certain number of days every month. While we don't have any concrete data, it is another initiative that helps us reduce the impact of employee travel.

Paper Challenge

Every year, Desjardins consumes nearly one billion sheets of paper. Because we're aware of the environmental impact, we launched the Paper Challenge, setting two objectives for the 2015–2018 period: to reduce our paper consumption by 10% and increase our use of recycled paper by the same percentage.

We have introduced a number of initiatives, such as a print release pilot project that will reduce paper consumption by eliminating the number of unclaimed documents left at the printer. We're installing new ATMs with envelope-free deposits. Finally, we've implemented measures to use paper made from 100% post-consumer recycled fibre for account statements and other print documents.

Energy efficiency

Our action plan for real estate activities includes energy efficiency practices, which have led to LEED or BOMA Best certification for some of our buildings. We take energy efficiency into consideration when building or renovating.

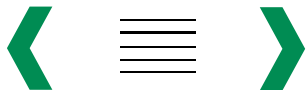
We formally expressed our commitment to clean energy by signing the Statement by Financial Institutions on Energy Efficiency.



Since 2008, we have produced an inventory of our GHG emissions, which is then published by the CDP, formerly the Carbon Disclosure Project. The goal of the CDP is to collect data on businesses to help them manage their impact on the environment for the benefit of investors around the world.

In 2016, we pledged to reduce our GHG emissions to 20% below 2008 levels by 2020. We achieved this goal in 2017. We're currently looking at a longer term GHG target, which will be determined based on the results of an external audit of our GHG inventory.

As of 2017 we are carbon neutral, purchasing carbon credits to offset our GHG emissions.



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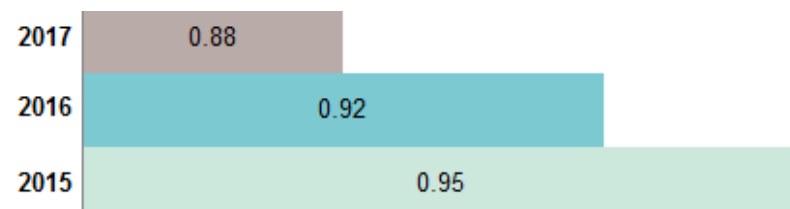
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Energy intensity

Energy intensity is one of the factors used to calculate our GHG emissions.

Energy intensity (in gigajoules/m²) ■ 2017 ■ 2016 ■ 2015



GHG emissions in metric tons of CO₂ equivalent¹

EN15 to EN19 GRI

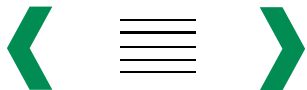
	2017	2016
Direct GHG emissions (Scope 1) ²	14,032*	18,157
Indirect GHG emissions (Scope 2) ³	4,844*	5,038
Indirect GHG emissions (Scope 3) ⁴	27,029*	33,623
Total GHG emissions ⁵	45,905	56,818
Total GHG emissions/m ²	0.0214	0.0259

* PwC provided [limited assurance on these indicators](#).

¹ Starting in 2017, GHG emissions were calculated for all sources over which we have financial control, including rental space we occupy and space we own that is occupied by third parties (real estate investments). Estimates were used for these sites when data was not available. This adjustment was made retroactively to 2014.

² Sources of direct emissions (Scope 1) include those related to fuel consumption in buildings we own (as occupant and investor) and leakage of coolants in our buildings and vehicle fleet.

³ Sources of indirect emissions (Scope 2) include electricity and steam consumed in buildings we hold (as an occupant and investor).



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⁴ Sources of other indirect emissions (Scope 3) include business trips made with rental vehicles and personal vehicles; business trips made by plane, bus and train; energy consumed in rental buildings we occupy; and paper consumption (calculated using the Environmental Paper Network's Paper Calculator).

⁵ The data for 2017 covers all of Desjardins Group, including:

- Caisse network and its centres
- Desjardins Capital
- Desjardins Investment Product Operations Management
- Desjardins Property Management
- Desjardins Global Asset Management
- Desjardins General Insurance Group (including State Farm's Canadian operations)
- Desjardins Financial Security
- Desjardins Investments
- Développement international Desjardins
- Fédération des caisses Desjardins du Québec
- Desjardins Shared Services Group
- Desjardins Technology Group
- Desjardins Securities

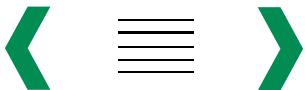
Other Desjardins Group components are not represented in the data.

Alternative transportation

We introduced the Alternative Transportation Program to incentivize employees to walk, bike, carpool, car share, or take the bus, metro or train for their commute and for business travel.

Incentives include discounts on public transit passes, facilities for employees who bike to work, a carpool matchup application and reserved parking, and a corporate subscription to the car sharing service Communauto. These initiatives are part of long-term investments of around \$1 million a year.

In 2017, 8,386 employees benefited from the Alternative Transportation Program, up 35% over 2015.



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OUR PROCUREMENT PRACTICES

PROCUREMENT PRACTICES ➤ MANAGEMENT APPROACH



At Desjardins, procurement is more than simply acquiring goods and services—it's a strategy that's based on the "total cost of ownership" principle. We incorporate our procurement process into the rest of our operations and use it as a way to make a positive contribution to our business strategies.

Under our procurement policy, a dedicated procurement team handles all purchases, including products regularly used throughout the caisse network. Our approach stresses social responsibility, business reciprocity and Desjardins's codes and policies. In 2017, we purchased \$1.7 billion worth of products and services from 2,500 Canadian suppliers. Given our purchasing volume and the number of partners we do business with, we are in a position to influence our suppliers and encourage them to adopt sustainable practices.

We were given the opportunity to work with a group of organizations to promote the implementation of sustainable procurement strategies in the public sector. As its first act, the group submitted a report to the Quebec government.

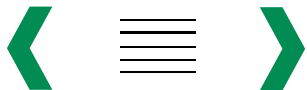
Supplier relationships

We strive to build respectful and collaborative business relationships with our suppliers based on industry best practices. It's important to us that our suppliers understand and share our sustainable development approach and goals. That's why we adhere to strict ethical principles in awarding contracts.

Quebec finance industry leader in responsible procurement

We are the only financial institution among the founding members of ECPAR (Espace québécois de concertation sur les pratiques d'approvisionnement responsable), a Quebec-based group dedicated to building partnerships to establish responsible procurement practices. We developed a standardized system to assess our suppliers against social responsibility criteria. By incorporating these criteria into our overall supplier assessment during the bidding process, we hope to encourage our business partners to follow responsible practices.

Because we believe in transparent communication with our suppliers, we have a [page](#) on our public website dedicated to them, including a section about responsible procurement. We also published the [Desjardins Group Supplier Code of Conduct](#), which sets out our expectations in the areas of ethics, governance, human rights, workplace health and safety, the environment, overall performance and ongoing improvement.



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PROCUREMENT PRACTICES > MANAGEMENT APPROACH *(continued)*



In 2017, we created a committee to study responsible procurement issues and introduce initiatives that can make a real difference in the field. Over the course of the year, the committee published a guide on responsible procurement to promote sound purchasing behaviours across Desjardins. It also updated our promotional item catalogue to better reflect Desjardins's priorities and those of our members and clients by opting for items designed or made in Quebec where possible. These are some of the actions that are part of our responsible procurement plan.

Our property management procurement mechanisms for our biggest office sites include responsible procurement rules for real estate transactions and assessments of product statements regarding health and the environment.

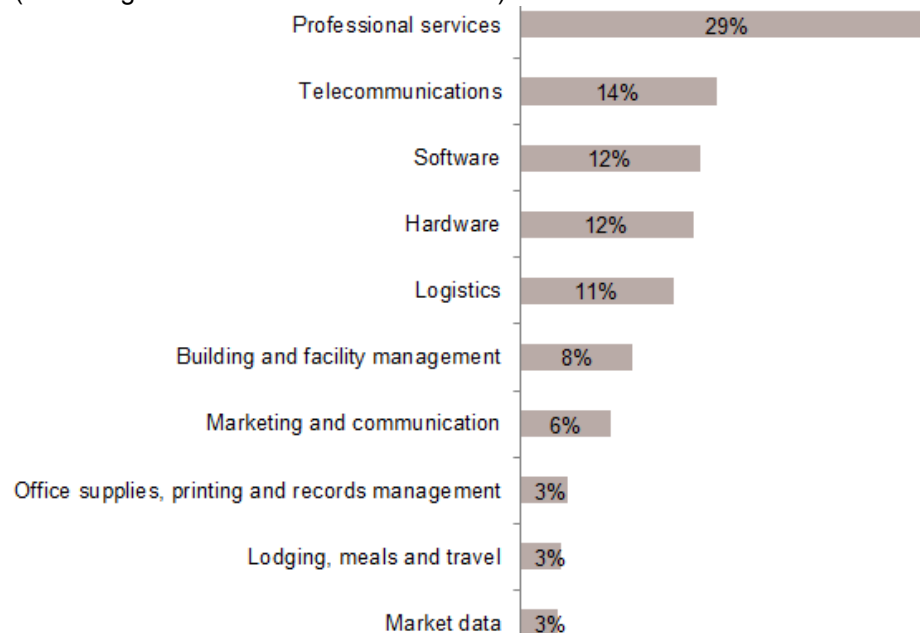
We have signed the statement of commitment for the initiative L'économie sociale: j'achète! (a program that supports social economy in Montreal), created by the Conseil d'économie social de l'île de Montréal.



We standardized our approach to responsible procurement as part of our ongoing efforts to better incorporate social responsibility practices in our process. This gives us more control over our social responsibility performance.

Supplier assessment

(excluding claims and the caisse network)



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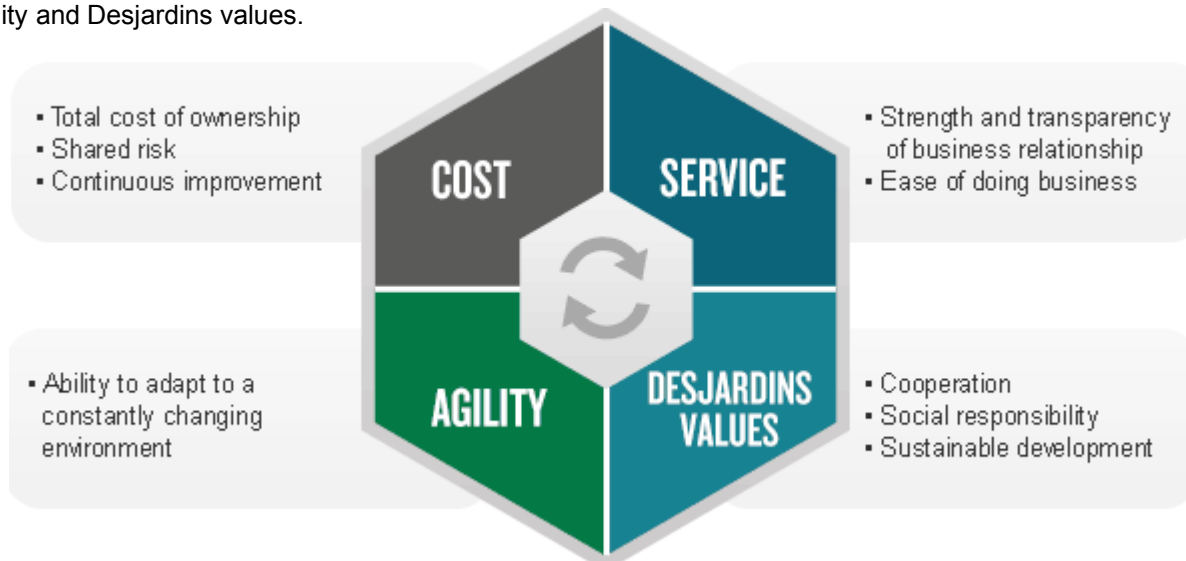
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Supplier assessment

As part of our strategic procurement process, we assess the overall performance of our suppliers using four main criteria: cost, service, agility and Desjardins values.



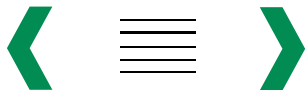
In 2015, we undertook a project to improve our responsible procurement practices. Our procurement sector drew up a 2015–2018 cooperative and social responsibility action plan, the objective of which is to better integrate sustainable development and cooperative principles into our purchasing practices.

In 2016, we standardized how we evaluate our suppliers against sustainable development criteria. All our suppliers now answer a questionnaire that covers four areas:

- Responsible management
- Environmental performance
- Social performance
- Economic performance

Based on suppliers' responses, we assign a social responsibility score, which is used in our overall assessment reflecting our Desjardins's values in the areas of cooperation, sustainable development and business reciprocity.

During the bidding process, we evaluated more than 150 suppliers on their sustainable development practices in 2017. We purchased a total of over \$720 million in products and services from evaluated suppliers, including those who were evaluated in the past and who we continue to do business with. Since we introduced our standardized sustainable development evaluations in 2016, nearly 250 companies have been evaluated.



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RESIDUAL WASTE ➤ MANAGEMENT APPROACH



We're working with our suppliers and employees to reduce our environmental footprint. Waste management is part of our commitment to fostering a green economy and compliance with the *Environment Quality Act*.



\$4 million for curbside recycling

Since 2006, we have invested more than \$4 million in funding for municipal curbside recycling. As part of our responsibilities, we pay hundreds of thousands of dollars every year to Éco Entreprises Québec and to Canadian Stewardship Services Alliance to help fund this important service that benefits the environment.

Integrated residual waste management

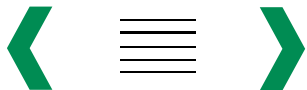
We're currently working to standardize our residual waste management processes. After analyzing our various processes, we identified a list of materials eligible for reduction, reuse and recycling programs. Our standardized data collection system will enable us to gather annual data to help us better manage the following materials: Paper and cardboard, drywall, office supplies, glass, metal, plastic, organic material, computer equipment (desktop and laptop computers, printers, servers, monitors, peripherals, cartridges), telecommunications equipment (headsets, cellphones, landline phones, videoconferencing systems, peripherals) and office furniture.

At Complexe Desjardins in Montreal, we made changes to the facilities to encourage more tenants to participate in residual waste management.

These practices are detailed in our residual waste management plan. A Desjardins committee was created to oversee planning, execution, follow-up and communication activities.



We received recognition from the city of Lévis for our recycling facilities. No contaminants were found onsite, earning us a very good rating.



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Reuse and recycling of residual waste

We have a long track record of sound waste management practices in all our workplaces.

Residual waste (in metric tons)	2017	2016
Sent to landfills	2,373.23	2,288.76
Recycled or recovered	3,873.05	3,333.67
Total residual waste	6,246.28	5,622.44
Recycling/recovery/composting ratio	62.01%	59.29%

Circular economy

We partner with our printer supplier Lexmark and the MIRA foundation to recycle used ink cartridges to help fund MIRA's operations in Quebec.

In 2017, a total of 26,619 cartridges—68% of our total usage—were remanufactured or recycled by Lexmark. Our efforts raised \$188,670, which was enough to cover the cost of 6 MIRA dogs.

Through this circular economy initiative, not only are we making a positive contribution to society by helping fund MIRA's work with the visually impaired, but we're also minimizing our environmental impact by helping Lexmark reduce the amount of new materials it uses to produce its cartridges. It's a great example of a win-win sustainable development initiative, where all parties get a social, environmental and economic benefit.

Composting bins

We have a long history of following best practices for waste management, and we're always trying to improve the way we do things. In the fall of 2015, we added a composting component to the existing waste sorting program at our two main work sites, Complexe Desjardins in Montreal and the Desjardins Campus in Lévis.

In 2016, we began emptying office waste bins less frequently (once a week), which has saved us upwards of \$200,000, while the composting in the Lévis offices has generated over \$25,000 in savings.

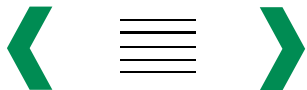
Better residual waste management

We implemented the RECÛPH program to recycle and reuse office supplies left behind after corporate moves. A not-for-profit organization sorts through the supplies and sends them to developing countries.

We boost our recycling rate by putting sorting islands in our offices when we renovate to make it easier for employees to put their waste in the right bins.

By recycling residual waste from the renovation of Complexe Desjardins's South Tower in Montreal, we diverted more than 465 metric tons of drywall and 600 metric tons of glass from landfills. The old drywall will be recycled under an innovative program in Quebec.

EN23 GRI



2017 GRI CONTENT INDEX

GLOBAL REPORTING INITIATIVE



See the GRI Index for more
on the indicators.

[2017 GRI CONTENT INDEX](#)



Desjardins