

WORKING FOR YOU

2016 SOCIAL AND COOPERATIVE RESPONSIBILITY REPORT



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VIEWING THE REPORT

INTERACTIVE FEATURES

This PDF file includes interactive features available through Adobe Acrobat Reader software. In an effort to reduce paper consumption, we've made the report **easy to download and view online**.

Note: To ensure hyperlinks and other interactive links work properly, **Adobe Acrobat Reader must be installed** on your mobile device or tablet. This software is available free of charge.



FEATURES

+ **Hyperlinks** leading to online content (CTRL+click)

GRI **Hyperlinks** leading to information in various sections on the GRI - G4 indicators

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MATERIALITY



MANAGEMENT



EVALUATION

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VIEWING THE REPORT

The guide is built like a website, making it easier to view.

The section that's being viewed will be **greyed out** in the table of contents.

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The index can be viewed from the table of contents banner on most pages of the report.

SEARCH FUNCTION

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

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This social and cooperative responsibility report illustrates how environmental, social and governance criteria are 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 our cooperative values, our focus on people and communities and our commitment to tailoring our products and services to the ever-changing needs of our members and clients.

At Desjardins, social responsibility goes hand in hand with our mission and cooperative values. It plays a key role in the strategic planning process and supports our efforts to contribute to the sustainable development of people and communities. It creates value and contributes to our organization's performance.

Our democratic governance structure is a distinctive part of our social responsibility, keeping us in touch with members in all the communities we serve. Constructive dialogue is built on shared information, which is why non-financial disclosures play such an important role in shaping vibrant cooperative life.

In an effort to ensure transparent, rigorous disclosures that are comparable to those of other financial institutions, we adopted the GRI methodology in 2005 for our non-financial reporting. GRI is the most widely used and recognized methodology worldwide, and the transition to audited standards in 2018 will further increase its credibility. By publishing this report along with our financial results, we're moving towards integrated reporting, as proposed by the International Integrated Reporting Council (IIRC). And because climate change is our top environmental priority, we also comply with the reporting requirements of the Carbon Disclosure Project (CDP).

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. In addition to disclosures on specific indicators, this report also presents new products, services, activities and commitments at Desjardins, which reflect the pride we take in enriching the lives of people and communities.



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SURPLUS EARNINGS
\$1,772 MILLION

ASSETS **\$258.4** BILLION

TIER 1A CAPITAL RATIO
17.3%



REDISTRIBUTIONS TO MEMBERS AND COMMUNITIES
\$259 MILLION

\$100-MILLION DEVELOPMENT FUND

22% DECREASE IN OUR GHG EMISSIONS*

* Compared to 2008



7 MILLION MEMBERS AND CLIENTS

4,571 ELECTED OFFICERS

47,655 EMPLOYEES

A **12**-MEMBER YOUTH BOARD TO INSPIRE OUR FUTURE

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DESJARDINS GROUP **ENRICHES THE LIVES OF PEOPLE** **AND COMMUNITIES**

I'm very proud to present Desjardins Group's main achievements from 2016.

2016 was a transitional year—with a new president and management team—and we took advantage of this to move Desjardins forward. We also committed to reconnecting with our mission, which is to enrich the lives of people and communities.

This drives us to always put the interests of our members and clients first in everything we do. It also pushes us to strengthen Desjardins Group's socio-economic leadership by taking concrete steps to integrate the principles of sustainable development into our operations. Our social and cooperative responsibility report describes our commitments in these areas.

STRONGER MEMBER/CLIENT CULTURE

All year long, we worked hard to reinforce our member/client culture. And it's made a real difference: our net promoter scores, which measure satisfaction with our services, continued to rise in 2016. We also saw an increase in membership, which gives us great confidence for the future.

We listen to our members and clients and adjust our products and services based on their needs. In 2016, we continued rolling out new distribution models, including the 360d youth and student service centres and our Signature Service for affluent members. We also launched new features for mobile users, including Apple Pay.

FOCUSING ON YOUNG PEOPLE

In order to better serve young people and give them a greater role within Desjardins, we set up a Youth Advisory Board, which I firmly believe will be a key source of inspiration for our Board of Directors and Management Committee. For instance, it will provide input for discussions about the digital and mobile shift underway in the organization.

We can also count on our elected officers to listen to our members and find out what they expect of us. Elected officers are involved early on in the decision-making process, giving us a solid footing in the reality of our members and their communities.

\$100-MILLION DEVELOPMENT FUND TO DRIVE SOCIOECONOMIC LEADERSHIP

At Desjardins, we want to support even more key projects across all regions. That's why we created a \$100-million development fund.

Our regional councils and the group caisse council will play a central role in the administration of this fund. They will study projects submitted by the caisses and their partners, prioritize areas for investment and select the projects most likely to foster community development. This will help us play an even more effective, diversified role as we strive to meet the needs of communities.



MESSAGE FROM THE PRESIDENT AND CEO (CONT.)

STRONG COMMITMENT TO SUSTAINABLE DEVELOPMENT

Desjardins is a private sector organization that is firmly committed to making the transition to a low-carbon economy. Our target for 2020 was to reduce greenhouse gas (GHG) emissions by 20% compared to 2008 levels—and we reached this target in 2016. In the years to come, we'll continue to work to maintain and even improve our performance in this area.

In the same vein, we began work to gradually improve the carbon footprint of our investment portfolio.

We offer our members and clients a full range of financial and insurance products that help them reduce their carbon footprint. In the long run, this also saves them money thanks to greater energy efficiency.

And finally, we work with a number of partners who share our commitment to fighting climate change and promoting the transition to a green economy. That's why we're a member of the Carbon Pricing Leadership Coalition. It's also why we work with Coop Carbone, an organization that's working to develop the expertise needed to structure GHG reduction projects in Quebec's industrial sector.

RESULTS IN LINE WITH OUR EXPECTATIONS

All of these initiatives, combined with our operational discipline, resulted in surplus earnings of \$1,772 million in 2016. This is comparable to our 2015 surplus earnings of \$1,959 million. The difference can be explained by one-time elements resulting from the acquisition of State Farm's Canadian operations in 2015 and significant investments in our IT platforms in 2016.

Our Tier 1A capital ratio was 17.3% and our total capital ratio was 17.9%, reflecting our strong capitalization, which is among the best in the industry.

I'm very satisfied with these results, especially since we achieved them amid significant organizational change. I see this as proof that our elected officers, managers and employees are able to focus on our members and clients. I'd like to

sincerely thank all of them for their efforts and recognize everything they've done since I began my mandate as President of Desjardins Group.

ONE BIG TEAM FOCUSED ON ONE GOAL: BECOMING EVERYONE'S #1 CHOICE

At Desjardins, we work together to offer our members and clients ever-improving products and services. In addition, we take concrete action to build a more responsible, inclusive and environmentally-friendly society.

This gives me a great deal of confidence in our ability to achieve our shared goal of becoming everyone's #1 choice.

CLEAR, SHARED GUIDELINES AND STRATEGIES

In 2017, we'll continue looking at how we can consolidate the foundation of our cooperative life and governance structure, leading up to a congress in the fall. We want our organization to draw more strength from member participation. We also want it to become more agile to better meet the challenges of a rapidly changing world.

Our 2017–2020 strategic plan lays out clear, shared guidelines and strategies for the next few years. Together, we'll shape Desjardins into an organization that's people-focused, modern, high-performance and easy to do business with.

Guy Cormier
President and CEO





MEMBERS AND CLIENTS

DESJARDINS MAKES LIFE EASIER



THE DESJARDINS
FOUNDATION: \$1.85 MILLION
FOR YOUNG PEOPLE



PROGRAM DESIGNED TO
PREVENT FINANCIAL ABUSE
OF SENIORS



SERVICES TAILORED TO THE
NEEDS OF IMMIGRANTS

2.1 NEW AND IMPROVED PRODUCTS AND SERVICES

Helping students and young adults

In 2016, we contacted some 40,000 new borrowers and helped 84,000 members get a head start on their financial life.

- We provided information on loans or lines of credit.
- We developed a savings plan with some of them.
- We explained our line of student products and services.

Supporting individuals with chronic illnesses

Through our Patient Support Program, plan members suffering from a chronic illness and who live outside Quebec can count on the professional support of a team of specialized pharmacists. This group insurance service goes beyond filling prescriptions; these experts provide guidance on all aspects of the illness so that plan members can focus on getting better.

This program also helps plan members save money by lowering the cost of drugs.

Making transactions easier in all caisses

Caisse members can now withdraw funds at other caisses, with no limits. They can also go to any caisse to have a lost, stolen or damaged Access card replaced. They have two options:

- Get a generic Access card immediately (their name and caisse will not be embossed on it)
- Get a personalized Access card by mail (their name and caisse will be embossed on it)

Easy-to-read reports for our members and clients

Holders of our regulated investment products, such as the Desjardins Funds, have access to easy-to-read reports outlining their investment returns and the commissions earned by the intermediary.

Helping our members and clients with financial planning

Picture of Your Personal Finances is an online tool that asks nine easy questions to get people to think about their financial needs and highlight the importance of including life and health insurance in their financial plan.

Better service for travellers at Montreal-Trudeau airport

Desjardins has entered into a partnership with Aéroports de Montréal as part of the extension of the international terminal at Montreal-Trudeau Airport. Under this agreement, Odyssey credit card holders will have access to the Desjardins VIP Odyssey lounge, where they'll be able to relax and wait for their flight in a modern, welcoming environment.

We've also set up two Desjardins kiosks in the international area where travellers can set up a new account and get personalized advice and offers. They can also enjoy a virtual reality experience.

In 2017, phase two of this partnership will offer travellers a number of privileges and advantages.



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Apple Pay available for Desjardins members and clients

In October 2016, we brought our members and clients Apple Pay, which simplifies mobile payments with a practical, secure and private way to pay. We're the first Quebec-based financial institution to offer this service for our members and clients. The launch of Apple Pay was a success and the results were well above our expectations.

Accessing Desjardins mobile services with a digital fingerprint

Since September 2016, our members and clients on Apple devices (iPhone 5 and later) have been able to use Touch ID instead of their password to access our mobile services. We'll be rolling out this feature for Android users in 2017.

Using a digital fingerprint is faster than entering a password and just as secure.

Desjardins Online Brokerage: More user-friendly than ever

The new Desjardins Online Brokerage website offers a navigation platform that's faster, more efficient and easier to use with loads of new adaptive and innovative features that are also available on the mobile version. We've received excellent user feedback on the new interface.

Advantages of the Odyssey World Elite Mastercard

The new card has one of the most generous rewards programs in the industry, provides comprehensive insurance coverage and includes Concierge Service (last-minute hotel bookings, restaurant reservations, tickets to popular shows, etc.). This card also comes with Desjardins Member Advantages: an additional card, free of charge, and an extra 20% in Bonusdollars on top of the Bonusdollars earned annually.

2.2 A HOST OF ADVANTAGES FOR OUR MEMBERS

Exclusive advantages for our members



EXCLUSIVE ADVANTAGES
FOR MEMBERS

With Desjardins Member Advantages, our members have access to exclusive deals and services:

- 34 advantages for individual members, 8 of which are specifically for students and young adults, such as free roadside assistance for members under 25
- Some 40 exclusive offers and privileges, which are regularly renewed through partnerships with retailers and major events such as the Festival d'été de Québec, Cirque du Soleil, Grand défi Pierre-Lavoie and many more

We also organize special events for our members and surprise them with exciting offers across the caisse network

More than 700,000 members have already taken advantage of our great offers.

+ To learn more about Desjardins Member Advantages: <https://www.desjardins.com/ca/personal/member-advantages/index.jsp>

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2.3 INITIATIVES TO PROMOTE EDUCATION AND COOPERATION

DISCLOSURES ON MANAGEMENT APPROACH – FINANCIAL AND COOPERATIVE EDUCATION



MATERIALITY

Promoting financial literacy among members has been a part of our mission since the very first caisse was established in 1900. With people saving less and spending more, financial education has become a societal issue we need to address. That's why financial education remains one of our top corporate social responsibility priorities.



MANAGEMENT

Our financial education policy has given rise to a number of training and education programs at Desjardins. The policy serves as a reference for our employees and managers, helping guide their actions and further integrating financial literacy into our business practices.

Every year since 2011, we've invested a portion of our surplus earnings to fund our Co-opme Program. We developed the program to showcase our many educational initiatives for members, clients and the general public, with a strong focus on cooperation and financial education. In order to give our members access to these initiatives in all regions, efforts are underway to integrate them in the caisses' business plans, with the support of the regional divisions. In 2016, we invested more than \$9 million to support and improve our Co-opme initiatives.



EVALUATION

Although it's still too early to comment on the long-term effects of these initiatives, we're keeping close track of the number of visitors who sign up for Co-opme training sessions and use our online tools. Since its launch, the Co-opme section on Desjardins.com has had more than 2 million visitors.

We also assess user satisfaction for certain programs (e.g., Personal Finance: I'm in Charge!), and we develop our programs with the help of key players in consumer protection (mutual assistance fund) and education (school caisse).

Students and young adults

FS16



#Tellementadulte: The carefree way to financial autonomy



Nowadays, young Quebecers ages 18 to 24 achieve financial autonomy later in life. There are many reasons for this: they finish school later, they live with their parents longer, they enter the job market later, and they have babies later. It takes them longer to transition to the next stage.

At Desjardins, we're happy to help young people transition into adulthood by giving them the right advice and financially educating them without necessarily trying to make a sale. Young people take to social media to share their success stories. That's why we set up an online campaign featuring a series of funny online videos published between June and November 2016. The videos cover "grown-up" topics such as paying a credit

balance in full and on time, saving early on and setting aside money. We added the hashtag #tellementadulte to use a term they're familiar with and to show that we understand their reality.

As at November 15, 2016, we recorded more than 3 million views and over 10,000 comments/shares/likes. Post-campaign tests confirmed that the campaign was effective in raising young people's awareness of why it's important to get a handle on their personal finances. It has also contributed to increasing our business with the youth segment.



Promoting higher education

The Desjardins Foundation is a charitable organization that helps people reach their full potential and promotes education and knowledge, with a focus on school retention and academic success, as a driver of social progress. The Desjardins Foundation:

- Gives young people the opportunity to pursue their studies, follow their dreams and achieve their ambitions
- Recognizes the work of thousands of volunteers who contribute to their communities
- Highlights and promotes community involvement

In 2016:

- \$1.85 million was awarded to help young people succeed
- The Desjardins Foundation’s initiatives benefited over 120,000 young people in Quebec and Ontario

Scholarships and awards

In 2016, the Desjardins Foundation handed out 465 scholarships and awards in Quebec and Ontario for a total of \$822,500 in financial aid.

Other contributions

- The Desjardins Foundation gave out \$388,235 to partner organizations in 2016, benefiting some 22,000 young people.
- \$353,600 was invested in programs that support school retention and academic success and helped more than 77,000 kids through donations made by employees and officers as part of the Desjardins Cares and Shares campaign.

#DesjardinsFoundation prizes

These prizes, worth up to \$3,000 each, help people who work with kids and communities carry out projects with elementary and high school students.



- 131 projects were supported in 2016.
- \$287,695 was awarded in 2016.
- 23,444 young people will take part in the winning projects across Quebec and Ontario.



+ To learn more about the Desjardins Foundation: <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/education-cooperation/desjardins-foundation/index.jsp>



Financial education for children

School caisse



From 1907 to today, the school caisse has carried out its mission to educate elementary school students about savings across Quebec and Ontario. In 2016, more than 90,400 young students participated in the school caisse program in approximately 1,375 schools.

In 2016, a little over a year after the school caisse website was launched, the results speak for themselves:

- 49,318 unique visitors
- 367,949 page views
- 2,427 workbooks downloaded
- 8,371 new enrolments

The school caisse website offers a slew of activities, videos and games to:

- Help children become independent, responsible and capable
- Spark their interest in cooperative values
- Educate them about the importance of managing their money
- Encourage parents to get even more involved in their child's education



For the 2015–2016 school year, we paid out \$238,389 in youth dividends to 25,903 eligible school caisse members between the ages of 5 and 12 in Quebec, and 5 and 14 in Ontario.

Co-opme youth section on Desjardins.com

There's a wealth of information for parents and teachers in the Co-opme [youth section](#) on Desjardins.com and on the school caisse website (<https://www.caissescolaire.com/en/parents>) including:

- Articles
- Educational activities for school or home
- Tips
- Videos

In 2016, there were more than 9,500 page views.

In 2016, we also continued our partnership with Format familial, a French-language television series airing on Télé-Québec offering a glimpse into the lives of families in Quebec. This agreement gives us the opportunity to promote our educational content to parents of kids between the ages of 6 and 17

My Savings Plan: Encouraging young people to save

Designed under the Co-opme Program, My Savings Plan is a tool aimed at encouraging some 1 million students and young adults aged 12 to 30 to save.



Young members choose their goals and how often they want to save to reach them. If their financial situation changes, they can adjust their money transfers to their savings plan online or using a smartphone. They can also get personalized advice using the method that's most convenient for them (at a caisse, online, by phone, etc.). They have access to a very competitive daily interest rate, an annual bonus and an additional bonus if they meet their savings goal.

If something unexpected happens, members can end their project and retrieve all the money they've saved, including any bonuses they've received.

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My Finance 101: The building blocks to financial literacy

In 2016, advisors from caisses across Quebec and Ontario organized 619 separate 75-minute financial education workshops for 15,437 students in 172 high schools. The workshops covered 16 topics, including:

- # MY FINANCES 101
- Saving
 - Credit
 - Budgeting
 - Financial assistance
 - Information security

Student caisse: Managed by high school students

FS16 

Student caisses are like mini Desjardins caisses in high schools, and are managed and administered by volunteer students. After assessing the needs and interests of teenagers and their transaction habits in a school setting, we're currently trying out some new concepts. We're looking at adding two new features to make the school caisse a payment system for school and extracurricular activities and use it to promote and support entrepreneurial projects at school.

In 2016, 54 high schools participated in the school caisse program.

Charly & Max Get Involved!: Visitor rate up 76.2%

FS16 

Charly & Max Get Involved! is an interactive game designed for students ages 6 to 11. It offers them a fun approach to learning and teaches them the basics of cooperative and financial education through:



- A 50-episode web series
- Quizzes
- Surveys
- Apps

In 2016, 8,355 children played the game. More than a third of them played regularly, spending an average of 7 minutes per visit.

+ To learn more about Charly & Max: www.Charlyandmax.com

Broker@ge 18-30



Brokera@ge 18-30 is an exclusive offer launched by the Online Brokerage sector (Disnat). Its goal is to make young people ages 18 to 30 who want to dip their toes in the stock market aware of how important it is to have good financial habits and be financially stable. In 2016, we held more than 20 conferences in universities and other locations for some 1,500 young people across Canada.

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

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Financial education tools

Helping young adults manage their finances

FS16

Personal Finance: I'm in Charge is a 16-class training program that encourages young adults to discuss personal finance with their peers, a method that we've found effective in helping them form sound financial habits. Participants have told us that the classes helped them learn new and useful ways to manage their finances. In 2016, we had 18,860 participants and 97% were satisfied with the program, which is now available in 15 regions across Quebec and Ontario.



The program relies on close collaboration between the caisses and 58 community partners and is eligible for course credit in three CEGEPs.

In 2016, we invested more than \$1 million in the program. To date, it has proved to be an important project for the program's partner organizations, which receive technical support from Desjardins.

Budget management tool



FS16

Our members have access to My Budget, a free personal budgeting tool in AccèsD, which extracts data from members' transaction history to help them better manage their money. With My Budget, members can:

- Get a clear picture of incoming and outgoing funds
- Gain better control over their spending
- Set savings goals to make their plans a reality

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

Personal finance newsletters viewed by some 850,000 members

FS16



Nearly 850,000 newsletters are sent out every month by 120 caisses. The newsletters feature personal finance tips and action plans taken from the Co-opme section of Desjardins.com. Caisses can also personalize their newsletter to include special messages or upcoming local events.

We publish the newsletters for three groups of clients:

- Individuals
- Entrepreneurs
- Agri-business owners

Investment learning centre

To promote the financial education of members and clients and to help them make informed decisions about their investments, our Online Brokerage sector (Disnat) holds more than 250 educational activities each year. The schedule of these activities is published on an online learning centre, along with videos and other information tools. The financial education activities show our commitment to help our members and clients become better investors.

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

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Informed decisions about group retirement savings

In terms of group retirement savings, we focus on financial education as a means to support our members and clients. We recently signed the biggest agreement in our organization's history, meaning these educational activities are now reaching an even wider audience.

We've organized some 640 information sessions to support the implementation of this new agreement. Educational experts in the sector have helped 83% of the organization's 12,000 active employees across Canada make clear, informed decisions about their investments, which should enable them to achieve their retirement goals.

Education on risk prevention

We've published new blogs on Desjardins.com that provide useful information on home, auto and business insurance.

While the blogs are a recent initiative, we've been working for many years to educate policyholders about risk prevention and how to better protect their personal property. As part of our efforts, we've created several websites:

- [Prevention tips](#)
- [The Tenant Challenge](#)
- [Weathering change](#)
- [New blogs on home, auto and business insurance](#)

Fighting financial abuse of seniors

The "In Charge of Your Life and Your Property" program teaches caisse employees about the issue of financial abuse of seniors. The goal is to properly equip employees so they can help members:

- Prevent the risks of financial abuse
- Recognize the signs of abuse
- Take steps to help stop it

Desjardins works closely with key caisses partners involved in the community to tackle this issue.

FS14



Desjardins Mutual Assistance Funds

Through our Desjardins Mutual Assistance Funds, we offer tools to help people budget, combined with emergency loans as needed. This approach helps people solve their short-term problems and put in place the right conditions for sustainable change with regard to their personal finances.

The strength of Desjardins Mutual Assistance Funds rests in our partnerships. We work with independent organizations that specialize in financial education and budget counselling.

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Mutual Assistance Funds	2016	2015	2014
Participating caisses	65.0%	64.0%	58.0%
Number of people helped	7,719	4,923	3,789
Number of loans made	693	602	608
Amounts loaned	\$415,133	\$368,663	\$381,565

⊕ To learn more about the Desjardins Mutual Assistance Funds: <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/socially-responsible-financial-products-services/solidarity-based-finance/index.jsp>

Serving immigrants

Integrating newcomers and cultural communities

FS14 

Desjardins.com

As part of our offer to newcomers to Canada, we added language as a search criterion in our caisse locator so that people can get service in their language, including sign language. We also have 13 points of service that cater to specific cultural communities, including Italian, Lithuanian, Portuguese and Ukrainian.

Montreal service centres

Desjardins Montréal – Centre-ville and Desjardins Montréal – Marché Central have teams that specialize in serving newcomers to Canada.

We know that newcomers face many challenges when they first arrive in Canada. Between finding a job and a place to live, and everything else involved in getting settled in a new country, they may have a lot of catching up to do. That's why our two service centres specialize in helping newcomers integrate

Offers for new immigrants

- A host of benefits (including free services) in the first year for eligible newcomers
- Access to a credit card without the need for a credit history in Canada and with no security deposit required
- The option of opening an account from their home country
- International money transfers, so they can send funds to their Canadian accounts before they arrive
- Access to Visitors to Canada Insurance until they're eligible for government coverage and for those without healthcare insurance

Immigration and integration expo in Montreal

For the fifth consecutive year, Desjardins participated in the immigration and integration expo at the Palais des congrès in Montreal. As the official presenter for the expo, we had a booth on site where visitors could get information on our products and services and even set up a new account.

Welcoming international students at Montreal-Trudeau airport

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



2.4 ACCESSIBLE SERVICES FOR ALL OUR MEMBERS

In Quebec and Ontario

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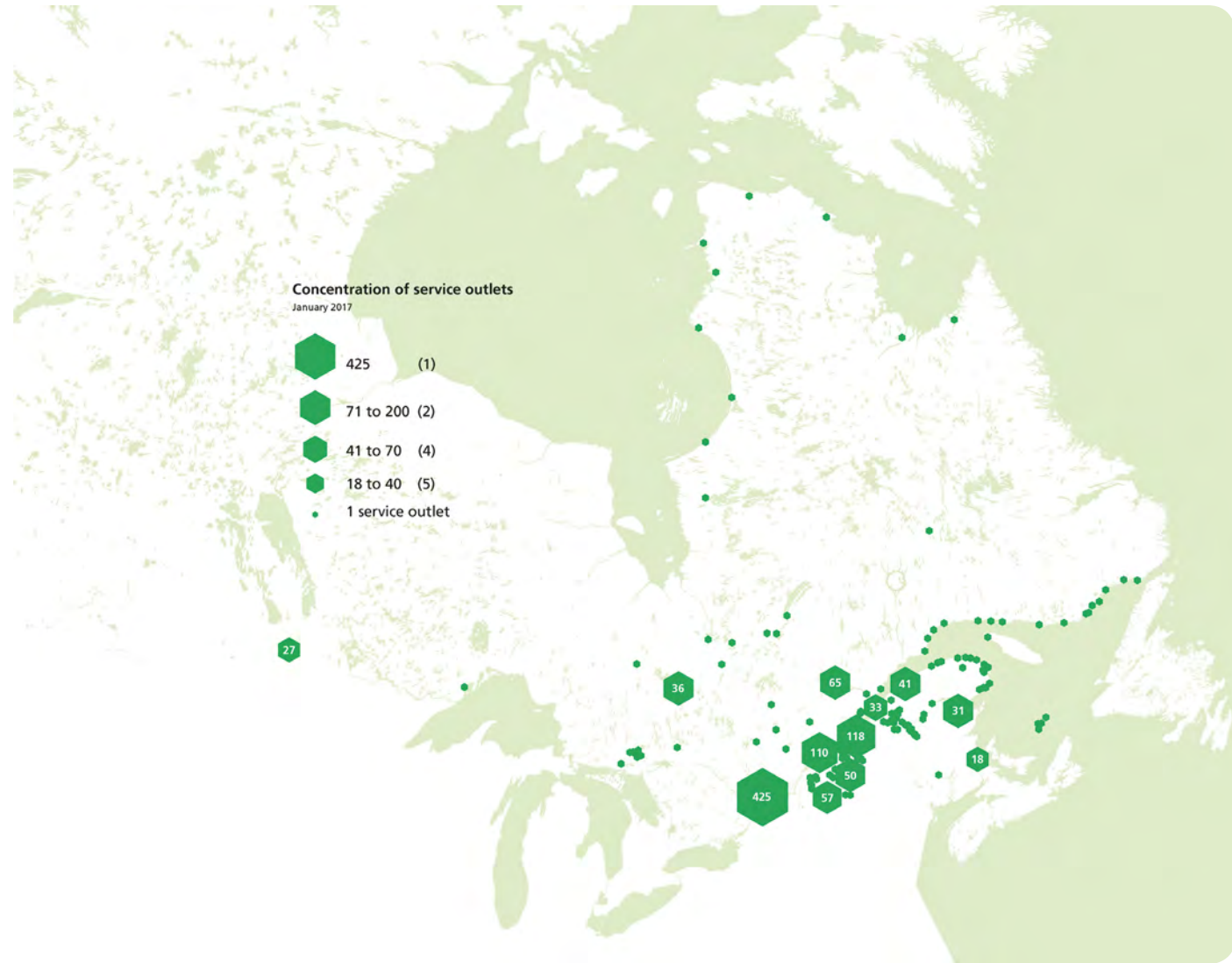
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In Quebec and Ontario, our members have access to:

- 1,080 points of service (including caisse head offices and service centres)
- 313 caisses
- 2,097 ATMs
- 36 Desjardins Business centres

In the province of Quebec, Desjardins is the predominant financial institution, with a particularly strong presence in outlying areas with low population densities, where we are often the only financial institution.

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In Ontario, at the end of 2016, the caisse network included:

- 13 caisses, 50 points of service and 67 ATMs
- 12 caisses and 27 points of service in the Alliance des caisses populaires de l'Ontario limitée network, plus access to 30 no-fee ATMs
- A financial centre in the heart of Toronto's financial district that offers a full range of products and services, and works closely with caisses across Quebec and Ontario to help individual and business members looking to move to Toronto

Individual and business members and clients in Quebec and Ontario also have access to thousands of advisors and employees working with our life and health insurance, property and casualty insurance and securities subsidiaries.

Accessible services

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- Most of our ATMs are accessible to those with visual impairments or reduced mobility.
- Members who are unable to use ATMs because of a permanent disability are not charged higher service fees for teller transactions.
- We make our solidarity-based finance products and financial education and budget consultation services available to those in need.
- When we updated AccèsD in 2015, we upgraded our home page and unique identifiers to bring them into compliance with the Web Content Accessibility Guidelines (WCAG) set out by WC3. All our upcoming projects will also comply with WCAG 2.0 (level AA).
- Our property and casualty insurance sector introduced a new visual platform in 2015 where people can get auto insurance quotes and after-sales services. This platform is also WCAG-compliant.

Anticipating our members' and clients' needs

We're continually adapting our distribution models and introducing new ones to meeting our members' changing needs.

In 2016, our members made 1.2 billion online (Internet and mobile) transactions—that's an 8.3% increase from 2015. Teller and ATM transactions dropped by 7.6% and 6.8%, respectively.

In recent years, we've invested heavily in the design of innovative distribution models. For the most part, the models are developed and tested in Montreal before being adapted and rolled out in other regions.

Introducing a fresh new concept



The Studio is an innovative, boutique-inspired concept that provides a modern banking experience seven days a week. It's a unique gateway to a full range of specialized products, services and advice for everyone in Quebec, members and non-members alike.

Located in the heart of the Town of Mount-Royal and in NDG's commercial district in Montreal, our first two studios are helping us strengthen our relationship with members from Montreal's English-speaking and allophone communities.

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New 360d centre in Trois-Rivières

In the fall of 2016, we opened a new 360d centre for clients ages 18 to 30 on the campus of the Université du Québec à Trois-Rivières to kick off the school year. The centre provides a friendly environment where students can feel at ease to discuss their projects and career ambitions with our advisors.



Desjardins – Quartier DIX30

We opened Desjardins – Quartier DIX30 in September 2016 to offer members and non-members a place where they can get expert advice to get them started with their financial plans. Because of its location, the service centre will also strengthen ties with the cultural communities in the area. Most of the service centre's employees are from these communities and they speak a dozen languages altogether. Desjardins – Quartier DIX30 is open on Saturdays and Sundays, which are the busiest days for this area.

The Mobile Branch: Convenience for members



The Mobile Branch is an innovative way to do business with Desjardins. It's a bus that has been designed to deliver financial services, allowing members to do their banking securely in a friendly, modern setting. With the Mobile Branch, our members are able to speak with an advisor right away and carry out their routine transactions. There's even an ATM on the bus!



Our inspiration for this novel idea came from the retail sector and while it has many uses, we plan on using the Mobile Branch mainly to develop business. In 2016, the Mobile Branch toured the Basses-Laurentides, and it may be rolled out in other territories in 2017. In the event of a natural disaster, it can help ensure business continuity.

Even with the Mobile Branch, our concern for the environment shines through. It's equipped with solar panels to produce the electricity it needs and runs on biodiesel.

Expanding our Signature Service

In 2016, we continued to expand our Signature Service, through which we offer our affluent members specific savings solutions. We've opened four new centres in Vallée du Richelieu-Yamaska, Kamouraska Chaudière-Appalaches, Ouest de Montréal and Mauricie, in addition to our existing centres in Centre-du-Québec, the Eastern Townships and Richelieu-Yamaska.

Caisses in four other regions plan to offer the Signature Service starting in 2017: Charlevoix – Saguenay-Lac-Saint-Jean, Sud-Ouest de la Montérégie, Bas-Saint-Laurent-Gaspésie et Îles-de-la-Madeleine and Lanaudière. Six other regions (group caisses, Est de Montréal, Greater Toronto Area and Southern Toronto, Laurentides, Abitibi Témiscamingue and Nord du Québec, and Outaouais) are also planning a Signature Service launch.

The Signature Service has the tools needed to offer an experience that lives up to the expectations of our affluent clients.

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Extended business hours



As at December 31, 2016, a total of 217 caisses offered telephone services every day of the week from 6:00 a.m. to 10:00 p.m. and from 8:30 a.m. to 4:00 p.m. on weekends, including statutory holidays. Members can get advice and information on their regular transactions or investments or make an appointment with an advisor. Many caisses have also extended their business hours and are now open weekends. The Online Business Centre is available Monday to Friday, from 8:00 a.m. to 8:00 p.m. for small businesses.

Canada-wide development

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We're drawing on our relationship with the caisses populaires in Manitoba and New Brunswick and the cooperative sector as a whole, as well as our life and health insurance, property and casualty insurance and securities subsidiaries across the country to offer our members and clients financial products and services that are adapted to their needs. Here are a few examples:

- 78 points of service and 120 ATMs in Manitoba and New Brunswick through our partnerships with Caisse Financial Group (Manitoba) and UNI Financial Cooperation (New Brunswick)
- Thousands of experts and advisors offering a full range of individual and business services in these regions through Desjardins Financial Security Independent Network, Desjardins Financial Security Investments, and through some 500 State Farm Canada agencies acquired in 2015

Four locations in Florida

Permanent and temporary residents and travellers visiting Florida for business or pleasure can enjoy the services offered by Desjardins Bank. This institution serves Desjardins caisse members and Canadians in general, not just in Florida but across the U.S.

The Desjardins Bank head office and its three service centres are located in areas very popular among Canadians: Hallandale Beach, Pompano Beach, Lauderhill and Boynton Beach. Members with an account at Desjardins Bank can expect quality service in English and French.

An office in Europe

In 2016, our representative office in Paris helped increase Desjardins's visibility in the personal and business services markets. In 2016, we opened approximately 1,000 new accounts, up 25% over the previous year.

Social media

For many of our members and clients, social media is the preferred means of communications. With our online presence, we're able to reach new and exciting communities:

- More than 225,000 followers on Desjardins Group's Facebook page <https://www.facebook.com/desjardins>
- 7.5 million YouTube views <https://www.youtube.com/user/mouvementdesjardins>
- 63,400 LinkedIn followers <https://www.linkedin.com/company/desjardins>
- 22,000 Twitter followers <https://twitter.com/mvtdesjardins>
- 6,000 Instagram followers <https://www.pinterest.com/mvtdesjardins/> <http://instagram.com/mouvementdesjardins>

More than 125 caisses have their own Facebook pages, where they can speak to members and get their opinions on different topics. Every week, more than 2 million people view the content we post on our Facebook pages.

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2.5 FREE ASSISTANCE SERVICES FOR MEMBERS

We're the first financial institution in Canada to offer all our individual members free assistance services for identity theft and estate settlement, as well as travel and roadside assistance. This initiative is one of many exclusive advantages for our members and shows how committed we are to their well-being.



Identity Theft Assistance

Identity Theft Assistance helps members recover from identity theft by putting them in contact with a lawyer who can guide them every step of the way. The service also helps members protect themselves from identity theft and prevent the fraudulent use of their personal information.



Travel Assistance

With free Travel Assistance, members can get advice and assistance before and during a trip in Canada and abroad. The service is available 24/7 in case of medical and other emergencies. Family members—partners/spouses and children—travelling with our members are also eligible for Travel Assistance.



Estate Assistance

We offer free estate settlement services for members in need of legal advice and information to help them better understand the estate settlement process and their own obligations. Members can also speak with legal experts who can offer personalized support with planning, managing and settling an estate.



Roadside Assistance

Members and clients in Quebec who are 25 and under and have individual auto insurance with Desjardins or The Personal are entitled to free Desjardins Roadside Assistance.

Our roadside assistance provides peace of mind on the road. Available 24/7, the service is there for drivers in the event of unexpected roadside emergencies or mechanical breakdowns, anywhere in Canada and the continental United States. The basic service includes the following emergency roadside services: towing, battery boost, flat tire change, winching, lockout service and fuel delivery.



To learn more about assistance services: [Desjardins.com/assistance](https://www.desjardins.com/assistance)

2.6 THE MEMBER-CLIENT EXPERIENCE

DISCLOSURES ON MANAGEMENT APPROACH – MEMBER-CLIENT EXPERIENCE

MATERIALITY

As a financial cooperative, we're especially concerned with customer satisfaction.

MANAGEMENT

We introduced a number of initiatives in 2016 to ensure that our members and clients get quality service and enjoy a distinctive experience. Since January 2014, we've been using the world-renowned Net Promoter Score (NPS) system to ensure that we're constantly improving our level of service. A feedback loop is in place to help us identify and understand the root causes behind customer dissatisfaction and learn more about the best practices we should keep using.

GETTING OUR MEMBERS' FEEDBACK

Moments of truth and feedback loops

The NPS Moment of Truth metric is a specific opportunity for members to share their opinions after experiencing important moments that are likely to strongly influence their levels of satisfaction, loyalty and opinions of the Desjardins brand (e.g., opening an account at a caisse or Desjardins Business centre; applying for a mortgage or new business financing; or filing an insurance claim). This approach lets our managers and employees hear what members and clients have to say, so they can discuss how to better meet expectations and address concerns. When the results show that a moment of truth should be reviewed, we conduct detailed studies to better understand the needs and expectations of our members and clients so that we can improve our service.

Moments of truth and feedback loops have been introduced in several of our sectors (caisses and business centres, wealth management, life and health insurance, property and casualty insurance, Desjardins Card and Payment Services, AccèsD, Online Business Centre and Mortgage Financing Services).

Mystery clients

We currently have actual consumers acting as mystery clients to grade the different aspects of the service they receive in the caisses, especially with regard to how well our service standards are met. This evaluation program is ongoing.

Member satisfaction surveys

We rolled out three online surveys in September and October 2016 to measure member satisfaction with Desjardins.com and AccèsD (internet and mobile). Since early 2016, we've been conducting a monthly phone survey of AccèsD internet users. The same technique is used to assess the quality of service delivered by the Internet and Mobile Technical Support team.

We're currently rolling out an ongoing improvement process to track and analyze member/client dissatisfaction, complaints and suggestions submitted through our internal platforms (our complaint database), social media, mobile app notices and surveys. This initiative will help identify how we can improve and further develop our digital solutions.

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Usability tests

The AccèsD Division conducts usability tests with our members and clients to get quick feedback on virtual projects being developed across the organization, including at Card and Payment Services, Wealth Management, Personal and Business Services, Desjardins Technology Group, Zag Bank and Desjardins General Insurance Group. In 2016, the user lab conducted 27 tests. Other user tests are done online. All users can answer the survey at <https://www.desjardins.com/ca/co-opme/action-plans-tips/desjardins-lab/index.jsp>

Desjardins Web Panel

The Desjardins Web Panel is a tool that allows us to conduct online surveys with members and clients who agree to give us their feedback occasionally. It also allows our members and clients to influence the development of products and services designed for them. We're thus able to quickly and easily get a handle on their needs and expectations.

Internet and social media

Our social media team handles all complaints we get through online comments.

Focus groups

We hold in-person or online focus groups to find out what our members and clients think, including their needs and expectations with regard to our products and services, changes made to a moment of truth, concept and campaigns being considered and our cooperative values.

Online communities

Online communities constitute a new approach that allows us to get more insight into our members' and clients' needs, expectations and behaviours. An online community consists of 25 to 50 members, who are asked to complete a list of activities over a few days. Both individual and group activities are used

Member services

The Member Services Department handles escalated complaints from the caisse network.

- Means used: phone calls, letters and emails
- Frequency: ongoing

Every six months, the Member Services Department produces a report of complaints and dissatisfaction for all of Desjardins. This report provides valuable input for the list of irritants brought to our attention so that we can take the necessary measures to resolve them. This team also provides sectors with suggestions for improvement made by members.

Ombudsman

If Member Services or one of our customer service departments is unable to resolve a complaint, members can contact the Office of the Ombudsman of Desjardins Group as a last resort

Dispute Resolution and Privacy Officer

The Dispute Resolution and Privacy Officer manages complaints concerning Desjardins Financial Security filed by government and regulatory agencies, the OmbudService for Life & Health Insurance and consumer rights organizations, and those escalated by Desjardins Member Services and our Office of the Ombudsman. The Officer decides how disputes should be resolved.

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CUSTOMER SATISFACTION SURVEYS

In 2016, we measured about two dozen moments of truth—most of which have now been measured for two full years.

Our members and clients gave their feedback on the moments of truth for AccèsD services, our debit and credit cards and the service offered in the caisses and Desjardins Business centres and by our wealth management, life and health insurance and property and casualty insurance sectors. Based on feedback from our members and clients from all sectors, our greatest strength is the excellent customer service provided by our agents and advisors.

- A feedback loop for opening a savings account online gives us continual feedback from our individual members.
- In property and casualty insurance, net promoter score (NPS) surveys allowed us to get feedback from a large number of members and clients.
- In the wealth management and life and health insurance sector, we've rolled out a number of feedback loops on product acquisition and service delivery for our members and clients. We measure their satisfaction every year and use the results to develop and implement solutions for improvement.

The surveys we conduct to measure moments of truth and the follow-up calls made by managers help us:

- Get feedback from our members and clients
- Continually measure our members and clients' experience and rapidly identify solutions

We always encourage teams to share best practices to offer consistent services that benefit all of our members and clients.



2.7 MEMBER AND CLIENT PRIVACY

DISCLOSURES ON MANAGEMENT APPROACH – MEMBER AND CLIENT PRIVACY AND DATA PROTECTION



MATERIALITY

All financial institutions have a duty to protect the confidentiality of customer information. This is also true for Desjardins and our relationships with our members and clients.



MANAGEMENT

Member and client privacy is protected by our Privacy Policy and our Code of Professional Conduct. The code contains specific provisions for protecting the personal data of our members and clients. Violations of these provisions may result in sanctions or dismissal. Each of our components is responsible for enforcing these provisions.

Our Privacy Policy sets out our principles and directions with respect to collecting, holding, using, disclosing, storing and destroying the personal information of our members, clients and employees.

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The policy also requires a Privacy Compliance Program to be put in place. Each Desjardins component must designate a compliance representative. In addition, we offer training to ensure that employees and managers remain aware of the importance of acting proactively to protect the personal information of members and clients.

Privacy-related complaints are subject to separate regulations from those governing complaints about financial products and services. Each Desjardins Group component must not only comply with applicable regulations, but must also have a procedure in place to analyze and handle these complaints.

We've also appointed a Chief Privacy Officer for the entire organization. Their job is to ensure sound governance of member/client privacy.

Initiatives to raise employee awareness of data protection

PR10 

We have two training courses, People at the Heart of Information and Protection and Information Security, that teach employees how they can help minimize the risk of lost, stolen or leaked information. It's available to all Desjardins officers, managers and employees.

We also use our internal portals to regularly remind our officers, managers and employees how important it is to protect the personal information of our members, and we mark Data Privacy Day every January 28. We also make sure to provide employees with checklists and links where they can find useful information on how to meet our regulatory obligations.





ENTREPRENEURS

SERVING BUSINESS OWNERS



ENERGY-EFFICIENCY LOAN:
HELPING BUSINESS OWNERS
GO GREEN



APPROXIMATELY
\$160 MILLION TO SUPPORT
BUSINESS GROWTH



MICROFINANCE TOOLS TO
HELP BUSINESS OWNERS
ACHIEVE THEIR GOALS

3.1 SIMPLER BUSINESS MANAGEMENT

Saving time with mobile and scanner deposits



Our Business members can use the mobile (smartphone) or scanner function to deposit any number of cheques. This means fewer trips to the caisse or ATM—saving them time and money. What's more, they can deposit their cheques securely at any time, with instant access to their money. It's just another way we make it easier for them to manage their business.

By scanner: Deposits are made using a scanner and an online deposit application. The business can scan and quickly deposit multiple cheques all at once. This service is for businesses that have a high monthly volume of cheque deposits.

By smartphone: Mobile deposits allow the member to deposit a cheque securely by taking a photo of it with their smartphone or tablet. This service was rolled out in April 2016.

Card payments anywhere, anytime

With Monetico¹ Mobile and Monetico Mobile+, small businesses, self-employed workers and business professionals can accept card payments—anywhere, anytime—on a smartphone or tablet with a Bluetooth connection to a secure PIN pad. Card payments are simple and secure and help cut back on the use of cheques and cash.

Some advantages of Monetico Mobile and Monetico Mobile+:

- Quick and easy to register online
- No transaction fee on Monetico Mobile and 15% off monthly Monetico Mobile+ fees for Desjardins members
- No minimum fees and no cancellation fee
- Chip card reader provides increased security against fraud
- No confidential data saved on the phone or the PIN pad
- Quick account deposits at no charge for Desjardins members
- Simplified accounting

A popular app for foreign exchange transactions

Business members and clients can use our WebFX app for their foreign exchange transactions (spot purchases/sales and forward purchases/sales), delivery and payment. The app automates and simplifies the transaction process for both Desjardins and our business members.

Welcome kit for new business members

New business members can take advantage of exclusive financial offers and online tools included with their 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, etc.), business members can get access to expert advice on the Your Business section of Co-opme on Desjardins.com.



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¹ Monetico was founded in 2013 through a partnership between Desjardins and France's Crédit Mutuel. The Monetico trademark is registered in more than 60 countries and in 2016, Monetico ranked 14th among the top acquirers worldwide. After three years of hard work and IT development, the group brought innovative solutions to the market in 2014–2015. These solutions are based on international standards, so they can be used the world over.

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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

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Entrepreneurs have access to decision-making tools on 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 (start-up, growth, transfer).

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 70 out of 200 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&>

Developing new markets abroad



The *Entreprendre et conquérir le marché français* guide 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 with 30 years of experience.

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Helping business owners go green

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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.

With the Desjardins Energy-Efficiency Loan, we were able to support 61 businesses with their energy efficiency improvements in 2016, allowing them to generate substantial savings and increase their profitability while reducing their environmental footprint. Our business members have saved more than \$1 million thanks to the Desjardins Energy-Efficiency Loan.

Savings generated through the Desjardins Energy-Efficiency Loan ¹	2016	2015	2014	Total
Electricity (in kWh)	7,678,635	12,615,652	690,504	20,984,790
Natural gas (in m3)	201,400	266,856	947,453	1,415,709
Oil (in litres)	165,088	171,600	2,865	339,553
Propane (in litres)	446,000	0	0	446,000
Gas (in litres)	4,100	484,931	0	489,031
Diesel (in litres)	103,760	568,372	126,000	798,132
Greenhouse gas equivalent (in metric tons of CO ₂ equivalent)	2,149	3,703	1,819	7,671

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>

Profitability and environmental performance

FS8

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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

Green insurance for businesses

Desjardins offers eco-friendly 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



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Types of vehicles covered:

- Delivery vehicles
- Commercial trucks /contractors' trucks
- Corporate vehicles

Green savings for LEED-certified buildings

- 10% off

Types of buildings covered:

- Commercial buildings
- Apartment buildings
- Condominium buildings



3.2 CONCRETE ADVANTAGES FOR BUSINESS 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.



EXCLUSIVE ADVANTAGES FOR MEMBERS

More than 50,000 business members have used their Desjardins Member Advantages.



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

3.3 BUILDING A BUSINESS

Development capital for SMEs and cooperatives

EC8



Our development 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
- Ensure home-grown businesses remain locally owned

The majority of these investments come from Capital régional et coopératif Desjardins (CRCD), a public fund with over 100,000 shareholders, and its affiliated organizations. In collaboration with its fund manager, Desjardins Business, CRCD has introduced innovative solutions in the form of partnerships to help regional and cooperative small and mid-sized businesses in Quebec achieve their full potential. CRCD also helps and lends its expertise to specialized businesses that support tech start-ups.

As at December 31, 2016, CRCD and its partner funds had commitments of \$1,016 million benefiting 417 businesses, cooperatives and funds, which has helped create or maintain some 71,300 jobs. Among the 417 businesses, 298 were from administrative regions other than Montreal and Quebec City and received financial support totalling \$595 million. In addition, 21 cooperatives received \$165 million. Since 2014, the CRCD ecosystem has invested more than \$18 million in regional county municipalities identified as being in economic decline.

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Organizations affiliated with the CRCD include:

- Fonds Capital croissance PME: created in collaboration with the Caisse de dépôt et placement du Québec to support growth, expansion and acquisition
- Fonds Desjardins – Innovatech: provides support to companies in tech innovation
- Fonds Essor et Coopération: created in collaboration with the Conseil québécois de la coopération et de la mutualité to support cooperative development
- Fonds Relève Québec: provides business transfer support for new business owners
- Fonds Prêt à Entreprendre: provides both financial and technical support for new business owners
- Fonds d’investissement pour la relève agricole: provides support to young people with plans for a start-up, expansion or transfer, specifically in the farming industry

Economic spinoffs in Quebec from the CRCD ecosystem

Development capital investments (at cost)	\$924 million
Investments (at cost) in cooperatives or other businesses located in resource regions	\$147 million
Development capital investments (at cost) in regional county municipalities identified as being in economic decline (since 2014)	\$18,4 million

Approximately \$160 million in support of business growth

EC8

CRCD and Caisse de dépôt et placement du Québec joined forces to create the Fonds Capital croissance PME, a fund whose mission is to make patient capital available to Quebec-based SMEs for equipment upgrades and expansion, acquisition and transfer plans. And by encouraging Quebec-based businesses to remain locally owned when their owners retire, the fund helps to keep the businesses local, thereby contributing to the sustainable development of communities.



The fund offers financial packages of up to \$5 million in the form of a subordinated loan or equity investment, with a particular focus on the economic development of businesses located in outlying regions.

In 2016 alone, 109 businesses had access to new obligations from CRCD and other partner funds for a total of \$160 million. Among the projects supported, 28% were for start-ups and technological innovations, 42% for business expansion and 30% for mature businesses or business ownership transfers.

Solidarity-based financing

FS7

We’ve entered into strategic partnerships with community organizations to continue to expand our solidarity-based financing activities throughout Quebec. In 2016, we invested \$7 million in these programs.



CRÉAVENIR

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

2016 results

- Financing: \$1,148,600 (83 business projects)
- Average financing amount: \$13,838
- Jobs created: 164
- Repayment rate: 61% (impact analysis in Richelieu-Yamaska and Rive-Sud)

CRÉAVENIR	2016	2015	2014
Caisse participation rate	44.0%	24.5%	22.0%
Total loans	\$933,334	\$777,955	\$591,216
Total grants	\$215,266	\$267,778	\$201,589

+ To learn more about CRÉAVENIR: <https://www.desjardins.com/creavenir>

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 community credit partners (loan funds or lending circles). Participating caisses also provide financing to these same partners. The program is available to:

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

2016 results

- Entrepreneurs supported: 456 (65 businesses)
- Average financing amount: \$7,773
- Jobs created or maintained: 154
- Repayment rate: 94%

Desjardins Microcredit to Businesses	2016	2015	2014
Caisse participation rate	43.0%	41.0%	29.7%
Total loans	\$503,174	\$408,964	\$363,589

+ To learn more: <https://www.desjardins.com/microcredit>

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Encouraging young people to go into business

Becoming an entrepreneur

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: <http://devenirentrepreneur.com/>

Mentoring young entrepreneurs

Launched in 2016 by Pur Vodka founder Nicolas Duvernois, Adopte Inc. pairs young entrepreneurs with companies, giving them access to financial support, training and tips. The program is so well adapted to its target clients that it became instantly popular with major business partners, including Desjardins. Desjardins Group President Guy Cormier is already a mentor to a young entrepreneur.

Adopte Inc. is for all entrepreneurs in Quebec aged 18 to 39. They have to be majority shareholders of their own business and be working on it full time.

Helping the next generation of farmers

At Desjardins, we understand the importance of lending a helping hand to a new generation of local farmers, which is why we support these two programs:

- Fonds coopératif d'aide à la relève agricole, a cooperative assistance fund for future farmers through which we give a Desjardins Entrepreneur Award to a farming business that has successfully completed a business transfer
- 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

FS7

GRI

Desjardins Entrepreneur Awards



The Desjardins Entrepreneur Awards recognize successful businesses in Quebec and Ontario, highlighting their work with the business community. At the 2016 gala, regional awards were handed out in 14 categories. In addition, three young farmers won \$4,000 scholarships from the Fonds coopératif d'aide à la relève agricole

+ To learn more: <https://www.desjardins.com/ca/co-opme/desjardins-difference/awards-scholarships/desjardins-entrepreneur-awards/index.jsp>

3.4 HELPING ENTREPRENEURS WORLDWIDE

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 30 or so countries over four continents, 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.).

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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.

22 young interns at DID

With the support of the Canadian government, the Desjardins Foundation and Université Laval, DID offers internships with partner organizations as a way to share its expertise and train young Canadians. In 2016, 22 young graduates participated in the internship program.

DID and the Desjardins Foundation give young people a chance to develop their knowledge and know-how in an international context, which will contribute to enhancing their employability.



⊕ To learn more: <http://www.did.qc.ca/en/careers/international-internships/>
To learn more about DID and its partners: www.did.qc.ca



A pioneer and an expert in inclusive finance

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

Contribution to the development of financial cooperatives in emerging countries	2016	2015	2014
Number of members or clients from DID partner institutions	N/A	10,931,386	10,510,885
Savings volume at these institutions	N/A	\$6.506 million	\$5.210 million
Outstanding credit volume	N/A	\$6.632 million	\$5.294 million

Note: This data includes institutions with which DID conducted financing or investment activities via its investment subsidiary, as well as institutions that received technical support. Data for 2016 will not be collected and compiled until June 30, 2017, 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 3,196 points of service, many of them located in rural or marginalized areas. This network gives some 11 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 caisse representatives can travel to remote markets or villages to meet with people who are unable to get to a caisse

Contributing to rural development in Asia

DID was chosen for two large-scale projects in Sri Lanka and in Vietnam to support rural development and contribute to small business growth, with an emphasis on integrating women and giving them more access to financing. DID and Desjardins Financial Security, the life and health insurer of Desjardins Group, have signed a cooperative agreement to develop and implement microinsurance products and services for countries in which DID operates.



To learn more:

- <http://www.did.qc.ca/en/news/did-support-entrepreneurship-sri-lanka-152/>
- <http://www.did.qc.ca/en/news/did-and-desjardins-financial-security-sign-153/>
- <http://www.did.qc.ca/en/news/new-rural-development-support-project-vietnam-127/>



Ensuring food security in Africa

DID also leads initiatives in Burkina Faso, Senegal and Cameroon. The goal is to encourage and facilitate the implementation of agricultural innovations that increase productivity and farmers' revenue and, ultimately, improve food security. In Senegal, DID has joined a consortium whose goal is to improve women's and children's nutrition.



To learn more:

- <http://www.did.qc.ca/en/news/new-mandate-linked-deployment-innovative-agricultural-139/>
- <http://www.did.qc.ca/en/news/new-mandate-for-did-facilitate-deployment-112/>
- <http://www.did.qc.ca/en/news/did-joins-multi-sector-partnership-increase-130/>



CO-OPS

A FINANCIAL INSTITUTION WITH SHARED VALUES



A 12-MEMBER YOUTH BOARD
TO INSPIRE OUR FUTURE



RANKED 7TH ON CORPORATE
KNIGHTS' LIST OF 50 BEST
CORPORATE CITIZENS IN
CANADA



BEST PRIVATE WEALTH
MANAGEMENT COMPANY IN
CANADA

4.1 DEMOCRATIC GOVERNANCE

Our mission

To enrich the lives of people and communities

Our values

Drawing on the values and principles of the International Co-operative Alliance, Desjardins has adopted the following values:

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

Member of a democratic organization

see G4-34 to G4-55



Desjardins Group is a democratic organization run by our members under the «one member, one vote» principle at the caisse level and under proportional representation on Federation governing bodies.

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

In 2015, we used this tool to consult members on key challenges in the area of social and cooperative responsibility, thus confirming the role of members as the main stakeholder under the Global Reporting Initiative. Approximately 4,500 members took part in these consultations.



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

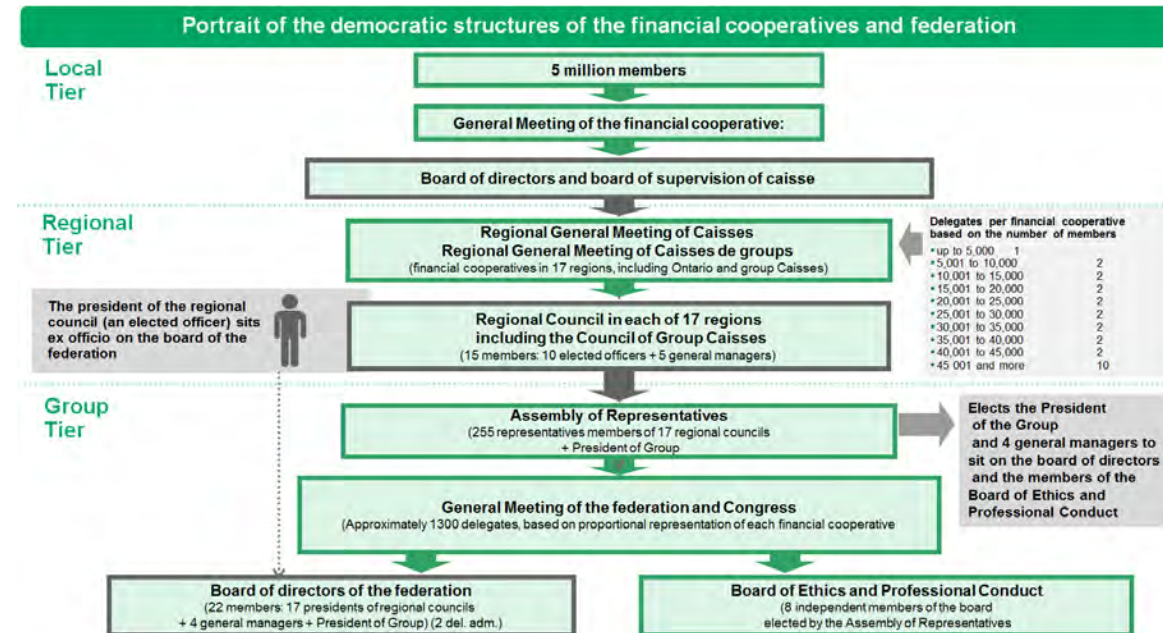


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At Desjardins, we're committed to staying connected to our members. We've developed a number of methods to create proximity, and we update these methods regularly. Examples of this in 2016 include a consultation launched with members, officers and general managers in the caisse network and the creation of a Youth Advisory Board.

Consultation process on cooperative life and governance

In 2016, we launched a consultation process to update our cooperative life and governance framework. This process will:

- Give members, officers and general managers from the caisse network the opportunity to discuss the current strengths and challenges of cooperative life and governance in the organization
- Help us better understand members' needs and expectations in terms of cooperative life at Desjardins
- Allow us to update our governance in order to improve organizational agility while maintaining our democratic nature, all while working in our members' best interests

A voice for young people



The Youth Advisory Board, which was created in late 2016, is made up of four members from the caisse network, four elected caisse officers and four Desjardins Group employees, all between the ages of 18 and 35. Its mandate is to provide input to our Board of Directors and Management Committee so these governing bodies can directly address the concerns and realities of young people.

By reinforcing the role that young people play within Desjardins Group as members, officers and employees, this Board should help us improve the way we serve and meet the needs of young people and help them reach their goals and entrepreneurial potential through key projects in communities and regions.

Young Intern Officer Program

The Young Intern Officer Program provides an opportunity for young people between 18 and 30 to:

- Represent their community by sitting on the board of directors or board of supervision
- Take part in the democratic processes of the largest cooperative financial group in Canada

As at December 31, 2016, there were 158 young intern officers at 313 caisses 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>

Contributing to Desjardins's stability through capital shares

In 2016, our members acquired \$598 million in Federation capital shares—that's over \$4.1 billion since their inception. These shares contribute to Desjardins Group's financial stability.



In line with the values supported by the International Co-operative Alliance and Alphonse Desjardins himself, who insisted on 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.

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Key numbers illustrating Desjardins Group's financial stability (in millions of dollars and as a percentage)

	2016	2015	2014
Total income	15,250	15,286	15,235
Equity	23,293	21,725	18,893
Tier 1A capital ratio	17.3%	16.0%	15.7%
Total capital ratio	17.9%	17.2%	17.9%

BREAKDOWN OF MEMBERSHIP SHARES

Caisse-issued permanent shares	1,026	1,451	2,080
Caisse-issued qualifying shares	25	25	25
Caisse-issued surplus shares	106	145	188
Federation-issued capital shares	4,135	3,537	2,484
TOTAL	5,292	5,158	4,777

4.2 CONCRETE ADVANTAGES FOR COOPERATIVES

At Desjardins, we firmly believe in the importance of cooperatives and mutuals. We actively contribute to their growth in our daily operations and through community development initiatives.

Collabria – Intercooperation in action

Collabria Collabria offers Canadian financial cooperatives a comprehensive line of credit card and payment solution products and services. Collabria also gives cooperatives:

- The power to influence decisions that will improve their members' experience
- Access to the management information they need
- A reliable IT platform
- A share of the revenues

This Calgary-based company created by Desjardins and other financial cooperatives allows us to:

- Pursue our development across Canada
- Better meet the needs of financial cooperatives and reduce their investment

This partnership also helps ensure that profitable credit union activities are kept within the cooperative sector.

Services tailored to cooperatives

As a cooperative institution, we intimately understand the challenges facing other cooperatives and mutuals.

We've designed integrated business solutions to help cooperatives and mutuals grow and thrive with:

- A team dedicated to cooperatives and mutuals
- Support from key partners, including Capital régional et coopératif Desjardins

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Supporting the cooperative movement

We share our expertise in cooperation and financially support a number of national and international sector-based 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.

	Annual financial support for cooperative organizations across Canada and abroad ⁽¹⁾⁽²⁾	Member	Member of the board (or committee)	Financial contribution		
				2016	2015	2014
International Co-operative Alliance (ICA)			X	\$105,395	\$100,000	\$49,700
Conseil québécois de la coopération et de la mutualité (CQCM)		X	X	\$876,776	\$894,000	\$886,696
Conseil de la Coopération de l'Ontario (CCO)		X	X	\$67,602	\$74,000	\$60,000
Co-operatives and Mutuals Canada (CMC)		X	X	\$407,010	\$277,000	\$886,696
International Confederation of Popular Banks		X	X	\$151,371	\$146,000	\$108,000
Filene Research Institute		X		\$32,680	\$50,000	\$60,000
Crédit industriel et commercial du Crédit Mutuel			X	N/A	N/A	N/A
Fondation pour l'éducation à la coopération et la mutualité			X	N/A	N/A	N/A
European Association of Co-operative Banks		X	X	\$56,767	\$54,000	\$40,378
International Cooperative and Mutual Insurance Federation (ICMIF)		X	X	\$123,910	\$114,000	\$147,550
International Summit of Cooperatives			X	\$749,000	\$555,000	\$2,100,000
International Raiffeisen Union (IRU)		X		\$10,362	\$10,000	N/A
Cooperative leaders on B20 committees			X	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 using the exchange rate in effect at the time the payment was made.

Desjardins Group also contributes financially to the partnership agreement for the development of cooperatives that was signed between the Quebec government'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 until 2018.

Third International Summit of Cooperatives

The third International Summit of Cooperatives was held in October 2016, drawing 235 speakers, 2,950 participants from 116 countries and approximately 60 national and international media representatives. The theme was "Cooperatives: The Power to Act."

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The Summit was an opportunity for cooperatives and mutuals to showcase their ability to contribute to sustainable development by leveraging their unique business model and cooperative values. The Summit marked the first time that a global economic group committed to supporting the United Nations' 17 sustainable development goals, which include:

- Eliminating poverty
- Protecting the planet
- Ensuring prosperity for all

The Summit is a joint initiative of Desjardins Group and the International Co-operative Alliance.

+ To learn more: <https://www.sommetinter.coop/en>



4.3 SUPPORTING LOCAL COMMUNITIES

DISCLOSURES ON MANAGEMENT APPROACH – LOCAL COMMUNITIES



MATERIALITY

The enrichment of people and communities is central to Desjardins Group's performance. Our cooperative business model, a powerful force for community development, is more relevant than ever for local communities, thanks to its values of solidarity, self-help and entrepreneurship.



MANAGEMENT

At Desjardins, we help build vibrant communities by:

- Providing financial support for key sustainable development projects at the community level
- Supporting community organizations through officer and employee involvement
- Financing projects for individual or group entrepreneurs
- Offering products and services tailored to individual and community needs
- Promoting inclusion and financial education

In addition, to reinforce our role as a socio-economic leader, we announced a \$100-million development fund, which will be rolled out over a 3-year period and will be available to caisses, regions, group caisses and Ontario caisses. The fund will enable the caisses to promote entrepreneurship and support development projects benefiting members, communities and regions. It can also be used to develop the caisse distribution network to reflect regional realities and needs.

Our insurance companies 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.



EVALUATION

We evaluate our community engagement strategies and adjust them according to:

- Changes from year to year in 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
- Participation levels and the number of individuals affected by these projects
- Comments from our community partners
- Local contributions made by members to their caisse's Community Development Fund

Data on these standards is disclosed under indicators: **SO1 SO4 FS13 FS14 FS16 EC8**





Providing a presence in sparsely populated regions

FS13 



In 2016, Desjardins operated a total of 1,080 points of service (including caisse head offices and service centres), 307 of which were located in sparsely populated municipalities with fewer than 2,000 residents. These locations make up 29% of all Desjardins points of service. As a comparison, the big banks operated a dozen branches in these areas.

We also have self-serve centres in 25 other municipalities with fewer than 2,000 residents. As a comparison, the big banks provide this service in only one municipality.

Our property and casualty insurance products are also easily accessible in sparsely populated regions; members and clients can get a quote online or over the phone no matter their location.

Local community engagement and 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 our local communities first to get their feedback. We must consider new business realities and members' changing habits in terms of financial services, while ensuring our institution remains easily accessible to all our members.

We work with local communities to identify solutions that meet local and regional needs.

Here are some of the affordable solutions used to maintain our presence in sparsely populated areas:

- Sharing of facilities, buildings or employees
- Mobile advisory services and virtual advisors
- Agreements with merchants to allow members to make withdrawals with or without purchase
- Installation of work spaces with high-speed Internet in libraries or municipal offices

 To learn more: <https://www.desjardins.com/ca/co-opme/desjardins-difference/being-member-contributing-endeavours/>

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, reimbursement of taxi or bus fares
- ATM or AccèsD training
- Sending an employee on set days to communities with a reduced mobility population (basic transactions)
- The Mobile Branch

To learn more: See [section 5](#).

Community Zone and La Ruche: Innovation serving communities

Desjardins Group and the City of Montreal partnered with La Ruche to launch a crowdfunding solution in the Montreal area. La Ruche, a platform created by the business community and the City of Quebec in 2013, provides local project sponsors and entrepreneurs with a technological tool and support from a group of business people involved in the community.

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The partnership between Desjardins and La Ruche will provide an opportunity to test crowdfunding as an add-on to the services we offer. For example, it can be used to:

- Support and accelerate social, entrepreneurial or cultural projects in keeping with the principles of sustainable community development
- Create new businesses and new jobs
- Contribute to our business development and member satisfaction

In the same vein, the Community Zone is a pilot project launched with three caisses in the Montreal area to provide an online public space where citizens, organizations and businesses can pool their human, material and financial resources to improve their neighbourhoods. The pilot project uses La Ruche for crowdfunding purposes.

4.4 AWARDS AND RECOGNITION

Noteworthy financial performance

Global Finance ranked Desjardins 34th in its 2016 list of the World's Safest Banks and 4th in its list of the Safest Banks in North America.



In addition, two of our senior managers and an advisor from Desjardins Securities made the list of the Top 25 players in the Quebec financial industry published by economics magazine *Finance et Investissement*. Monique F. Leroux, former Chair of the Board, President and CEO of Desjardins Group, and Denis Berthiaume, Senior Executive Vice-President and Chief Operating Officer, Desjardins Group, were ranked among the 25 most influential people in Quebec's financial industry. René Gagnon, Investment Advisor and Portfolio Manager with Desjardins Securities, was awarded the Advisor Emeritus distinction.

Corporate responsibility

Ranked 7th in Canada's 50 Best Corporate Citizens

In 2016, for the fifth year in a row, we were included on *Corporate Knights* magazine's list of the Best 50 Corporate Citizens in Canada. We're recognized as a responsible business able to reconcile 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 individuals and communities.

Hydro-Québec Énergia award

We received an Énergia award from Hydro-Québec in the new building category for the revitalization of the Desjardins campus, home to our head offices in Lévis.

BOMA BEST Gold

The Complexe Desjardins in Montreal was certified BOMA BEST Gold. Launched in 2005, BOMA BEST (Building Environmental Standards) is a cutting-edge Canadian environmental certification program for commercial buildings.

Design award

Desjardins – Montréal Marché Central took home the top prize in the Financial Services category in an international design contest organized by the Retail Design Institute.

Fighting climate change

The Carbon Disclosure Project (CDP) awarded us a B rating, which puts us above the industry average rating of C. This recognition from the CDP shows that our organization is strongly committed to fighting climate change through multiple initiatives to reduce greenhouse gas emissions. The CDP is an international organization representing a group of investors, which prepares annual reports on the integration of climate change action into the strategies adopted by the world's largest organizations.



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Psychosocial intervention

We received a social responsibility certificate from the Société de développement social de Montréal for our participation in Action-Médiation, a program to set up a psychosocial intervention team in key buildings in downtown Montreal to help the homeless.

The Société de développement social de Montréal is North America's foremost social value broker, serving as a liaison between the business world and the community.

Working for our members and clients



World record: 13th consecutive Customer Operations Performance Center certification

For the thirteenth year in a row, our AccèsD client contact centres earned the prestigious Customer Operations Performance Center certification. Desjardins is still the only organization of any kind in the world to maintain the certification over such a long period. This honour demonstrates our steadfast commitment to better serve our members and clients.

Top client experience among Canadian credit card issuers



Of all credit card issuers in Canada, Desjardins came out on top for the quality of our customer experience, based on a report by world-renowned Forrester Research.

The rankings for the 2016 Canada Customer Experience Index were determined based on a survey of 74,000 Canadians covering 193 brands, including 12 Canadian credit card issuers. Forrester Research also gave Desjardins a Best in Class award for placing in the top 10 for member and client experience, all sectors combined

Efma innovation award

We ranked fourth in the physical distribution category for our EOO approach (Evolution of Offer and Organization) at the international Efma/Accenture banking innovation awards, which attracted more than 450 nominations from 210 financial institutions worldwide.

C.A.R.E. Engage award

The international leader in client experience management solutions announced our property and casualty insurance team as the winner of their C.A.R.E. Engage award. We earned the top prize for completing the highest number of client callbacks in the first feedback loop, which in turn means we obtained the most client feedback

A great employer

Desjardins is one of Canada's most sought-after employers thanks to our employee engagement and our HR and sustainable development practices.

Platinum Best Employer status

Desjardins went from gold to platinum status in the Aon Hewitt Best Employers engagement survey. Some 35,000 employees took the survey, and Desjardins is one of 50 organizations that earned this distinction

Canada's Top 100 Employers

For the sixth year in a row, Desjardins was recognized as one of Canada's Top 100 Employers by MediaCorp Canada. We earned this distinction for our outstanding community involvement, our high-quality group insurance plan for employees and our many sustainable development initiatives.

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Canada's Greenest Employers

We received this award for our environmental initiatives, such as:

- Alternative transportation program (1,044 employees have signed up for our online matching service for carpooling, and 155 employees have signed up for car sharing services for business travel)
- Recycling and waste management

Canada's Top Family-Friendly Employers

We received this distinction from MediaCorp Canada for our exceptional work/life balance practices, including:



- Attractive working conditions, particularly for parental leave
- Flexible working arrangements and telework
- Pension and group insurance plans that protect employees and their families
- La Chiffonnette, a childcare centre on our Desjardins campus in Lévis, exclusively for the children of Desjardins employees

Canada's Top Employers for Young People

For the sixth straight year, Desjardins is in the MediaCorp Top Employers for Young People ranking, which recognizes companies with the best strategies to attract and retain young workers.

Of the many programs and initiatives Desjardins has in place to encourage and support young workers, what stood out for Mediagroup were our Young Intern Officer Program and our programs for students, interns and recent graduates, specifically paid internships and summer jobs. Our scholarship program through the Desjardins Foundation was also a factor

A competent, engaged workforce

Two Octas awards for IT

We're proud to have talented employees who excel at meeting challenges, as evidenced by the following two Octas prizes:

- Implementation of a private, integrated cloud computing solution – Infrastructure category
This fully-automated solution for developers reduces time to market for new member services.
- Integration of State Farm's Canadian operations (DNA project) – Business solutions, internal or custom development – Large business category

The DNA project is the driving force behind the acquisition of State Farm's Canadian operations. The project's main objective is to replace the American giant's auto insurance products with Desjardins's products in the existing distribution network in Canada, in addition to converting 5.7 million clients and 970,000 auto policies.

Coup de Cœur award for the State Farm integration program – Distribution Network and Auto (DNA) project

We received the Coup de Cœur trophy at the 2016 project management gala hosted by the Lévis-Quebec City chapter of the Project Management Institute.

International project management prize for AccèsD and AccèsD Affaires websites

On September 24, 2016, we received the PMI Award for Project Excellence at the 2016 PMI Professional Awards ceremony. The AccèsD and AccèsD Affaires overhaul—part of our website merger project—successfully got buy-in for all the business and IT sectors to contribute as one big team. In addition, using the agile method for such a massive project was a bold move.



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Desjardins Financial Security proud LOMA winner for the sixth time

The Excellence in Education Award, which we received for the sixth time in 2016, recognizes companies that do an outstanding job of developing their human resources. This year's award recognizes the fact that 269 Desjardins employees participated in LOMA programs in 2015 and 6 earned the designation of Fellow. LOMA (Life Office Management Association) is an international trade association for the insurance and financial services industry that provides specialized training leading to globally recognized designations.

A trusted brand



Growing brand recognition

The independent British valuation consulting firm Brand Finance produces a yearly ranking of the brand value of the world's 500 largest financial institutions (Banking 500). In 2016, Desjardins placed 13th in the [100 most valuable Canadian brands](#), up from 22nd in 2015. The 2016 ranking confirms that the Desjardins brand is well known and Desjardins Group is financially sound.

Brand Finance reported a 20.6% year-over-year increase in value by the Desjardins brand, from \$2.325 billion in 2015 to \$2.804 billion in 2016.

Desjardins recorded the greatest increase of any financial institution in Canada. In addition, we're one of only two financial institutions (with Scotiabank) that saw brand value growth between 2015 and 2016. Overall, Desjardins currently ranks 77th, up nine spots over the previous ranking.

An Ipsos-Infopresse study, which has been ranking the 100 most influential brands in Quebec since 2014, ranked Desjardins the 9th most popular brand in Quebec. Desjardins is joined in the top 10 by brands such as Google and Facebook.

Two prestigious awards for market-linked guaranteed investments

For the fifth year in a row, our market-linked guaranteed investments stood out at the Americas Structured Products & Derivatives Awards, winning two prizes:

- Best Distributor Canada
- Best Capital-Protected Distributor, Americas

Strong showing for Desjardins Quebec Balanced Fund



In 2015, the [Desjardins Quebec Balanced Fund](#) won Fundata's FundGrade A+ award in the Canadian balanced funds category for its performance and stability.

Best Private Wealth Management Company in Canada

The *Global Banking and Finance Review* named Desjardins Private Wealth Management the Best Private Wealth Management Company in Canada for 2016.

This prestigious award showcases Desjardins's leadership in terms of:

- Experience and satisfaction of high-net-worth clients
- Quality of the range of products and services
- Investment strategy performance
- Financial stability

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Desjardins Financial Security wins IFCA awards

Desjardins Financial Security won the following awards at the Insurance & Financial Communicators Association (IFCA) competition:

- 1 Best of Show
- 8 Awards of Excellence
- 3 Honorable Mentions

The competition recognizes excellence in Canada and the U.S. for advertising, public relations, corporate communications and sales promotion in the insurance and financial services industry.

#TELLEMENTADULTE wins silver

The [#tellementadulte campaign](#) won silver in the Best in Financial Products & Commercial Services category at the 2016 Media Innovation Awards. This all-digital campaign gradually released a series of videos on social media, generating widespread interest.

International awards for Ajusto

The European Financial Management Association awarded the Innovative Insurers prize to Ajusto in the Customer Experience & Engagement category for our fully mobile telematics app. The app also won a Celent Model Insurer Award in April and was a runner-up at the Insurance Canada Technology Awards Ceremony in February.

4.5 AGREEMENTS AND PARTNERSHIPS

Montreal's 375th anniversary

Desjardins is a major partner of the 375th anniversary of the City of Montreal, which will be celebrated in 2017. Over a hundred activities will be organized under four themes: Montreal lights up, Montreal gets moving, Montreal ignites and Montreal reinvents. The organizing committee wants to maximize spin-offs well beyond 2017 to pass on a tangible, sustainable heritage to future generations.

New partnership agreements

Desjardins entered into a number of new partnership agreements, including with the Association des Jeunes Barreaux de Région (AJBR), the Réseau des ingénieurs du Québec (RIQ) and the Ordre professionnel des criminologues du Québec (OPCQ). These agreements will allow us to serve more members.

Partnership with Rendez-vous 2017 – Tall Ships Regatta

Desjardins signed an agreement to present the Rendez-vous 2017, which is shaping up to be one of the most popular events for Canada's 150th anniversary celebrations. More than 40 tall ships will be sailing Canadian waters and stopping at more than 30 ports between Ontario and the Maritimes before converging on Quebec City on July 18.

As part of this initiative, Desjardins is sponsoring the Sailing Trainee program, which gives young people between 15 and 25 a once-in-a-lifetime opportunity to set sail on a tall ship.

4.6 PRESERVING AND CELEBRATING ART AND HISTORY

Société historique Alphonse-Desjardins

The history of Desjardins Group and its founders continues to attract attention from tourists and cooperatives from around the world, schools and our own officers, managers and employees.

In 2016, the Maison Alphonse-Desjardins museum welcomed 8,253 visitors. We introduced two new exhibits at the Desjardins building located at 59 avenue Bégin in Lévis, which attracted nearly 3,500 visitors. These latest additions tell the story of the cooperative movement from its beginnings all the way up to today.

Every week, the Maison Alphonse-Desjardins posts blurbs and illustrations on their Facebook page to highlight Desjardins's history and promote the museum's collection and activities. As a result, its Facebook followers increased by 97% over the year—some posts were viewed almost 51,000 times.

In April, Société historique Alphonse-Desjardins historians published a book marking the 45th anniversary of Caisse d'économie solidaire.



Desjardins Group historical archive and museum collection preservation facilities

Desjardins Group historical archive and museum collection preservation facilities were developed to preserve and celebrate our heritage. It gives members, clients and the general public the opportunity to learn about the development of Canada's largest cooperative financial group. The centre organized close to a hundred activities in 2016, and the visitor satisfaction rate was 99%.



To learn more: www.desjardins.com/alphonsedesjardinshouse

Fostering artistic creation

Desjardins is committed to supporting the arts and artists and has amassed a sizeable art collection. Some 2,500 items 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 Quebec and 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 2016, a key piece in the collection was loaned out to the Bibliothèque et Archives nationales du Québec for the retrospective exhibition "Pierre Ayot – Regard critique," running from October 2016 to March 2017.

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4.7 A CAREER AT DESJARDINS

Choosing Desjardins

We offer our employees a number of advantages:

- Job opportunities in 20 different fields across Canada and even 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're an employer of choice; the numbers speak for themselves:

- In 2016, we offered more than 3,000 people their very first job
- We filled 72% of job postings with internal candidates, which demonstrates the many career possibilities at Desjardins

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 2016, we held close to 6,000 job interviews and 1,700 tests in the Career Zone meeting rooms.

The Career Zone offers visitors an interactive experience that incorporates our goal to be the benchmark in terms of talent acquisition and talent management to contribute to Desjardins Group's focus on performance



Employee well-being

Every year, Desjardins makes a significant investment in employee health and well-being. In 2016, approximately \$7 million was spent on illness prevention and health promotion programs and initiatives.

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

We also organize many activities to encourage a healthy lifestyle. For example, in 2016:

- 4,105 people (employees, officers and their family members) took up the 5/30 Health and Wellness Challenge
- 22% of employees signed up for the seasonal flu shot campaign
- 23% of employees received a reimbursement for fitness expenses
- 852 managers had complete medical check-ups at specialized clinics (2015 statistics)

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Employee Recognition Program

The Desjardins Recognition Program celebrates outstanding achievements by teams across Desjardins that help bring us closer to our objectives.

Every year, as part of the program, we hold a call for nominations to honour employees at a recognition event during the Desjardins Group Annual General Meetings.

At the Annual General Meetings in March 2017, 11 prizes were handed out in the following four categories, including three “jury favourite” prizes for intercooperation:

- Service
- Growth
- Efficiency and productivity
- Innovative community engagement and sustainable development

DISCLOSURES ON MANAGEMENT APPROACH – LABOUR/MANAGEMENT RELATIONS



MATERIALITY

Like other large companies, Desjardins Group faces workforce recruiting challenges due primarily to the high number of baby boomers who are retiring. That’s why building and maintaining good employer/employee relations is more important than ever. What’s more, with employee productivity tied directly to the quality of these relationships, it’s in our socio-economic interest to maintain a congenial work climate.



MANAGEMENT

We promote ongoing dialogue between employees and their managers. Regular meetings are held throughout the year between employees and their supervisors to set objectives and track progress to help employees succeed professionally. The meetings are also an opportunity to explore issues and priorities in the employee’s work sector and discuss personal development requirements.

The President holds regular online meetings in an effort to create proximity with employees and provide an opportunity to discuss Desjardins Group’s strategic challenges with them. At Desjardins, our employees regularly answer an engagement survey conducted by an external firm, and we use these results to continuously improve our processes. In 2016, the survey response rate was 86% and, for the first time ever, it included caisse network employees. Findings are presented to senior management and the Board of Directors so that they can set priorities based on employee feedback.

The harmonious relationships that we have with the unions representing about 20% of employees contribute to good workplace relations.

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

Occupational health and safety

Health and safety in the workplace are fundamental to managing performance and creating good workplace relations. We’re committed to offering a safe work environment. To do so, we enforce mandatory safety measures, in addition to those mandated by current laws and regulations in Canada.

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The group insurance plan is a key part of our compensation package and a competitive and attractive feature for employees and their families. It offers plan members a solid base of 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 offers:

- Awareness and training tools
- Prevention advice
- Risk-control measures
- Treatment (e.g., flu shot clinics)

Group health insurance and disability plans for employees are offered through Desjardins Financial Security, a Desjardins Group subsidiary, and preventive health and safety measures help us keep costs down.

We also encourage employees to make exercise a habit by offering:

- Preferred rates for gyms and fitness clubs
- Reimbursement of fitness expenses

The Security and Fraud Prevention program used across the caisse network helps employees respond to emergency situations, such as attacks, assaults and theft. Each caisse sends an appointed Security and Fraud Prevention Officer for training, in order to support employees in these types of situations. Our Real Estate Security Department is tasked with protecting employees, keeping the workplace safe and coordinating responses during emergency situations according to an emergency action plan.

Most Desjardins buildings are equipped with security systems, such as cameras, alarm systems, optical turnstiles and security agents. Periodic evacuation drills are held to ensure that there are no hitches in security mechanisms and procedures. Descriptions of emergency measures and how to react in emergency situations can also be found on our internal portals.



EVALUATION

As part of a program to improve the employee experience, Desjardins introduced two new ways to get employees' opinions:

- Engagement survey
- Feedback loops for significant moments for employees

The results and comments help us improve our tools, practices and processes to give our employees a unique experience.



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External recruitment - Permanent employees ⁽¹⁾	2016	2016 (%)	2015	2015 (%)	2014	2014 (%)
BY AGE GROUP						
Under 30	1,045	40.5%	935	38.3%	1,033	38.3%
Between 30 and 44	1,079	41.9%	1,032	42.2%	1,133	42.0%
Between 45 and 54	353	13.7%	370	15.1%	419	15.6%
55 and older	101	3.9%	107	4.4%	110	4.1%
BY GENDER						
Men	1,198	46.5%	1,228	50.2%	1,221	38.3%
Women	1,380	53.5%	1,216	49.8%	1,474	42.0%
BY PROVINCE						
Quebec	2,063	80.0%	2,051	83.9%	2,389	88.6%
Ontario	448	17.4%	312	12.8%	250	9.3%
Other provinces	67	2.6%	81	3.3%	56	2.1%
Outside Canada	N/A	N/A	0	0.0%	0	0.0%
INDICATORS FOR PERMANENT EMPLOYEE DEPARTURES						
Resignation rate		5.1%		5.1%		5.1%
Retirement rate		3.1%		2.5%		3.0%
Involuntary departure rate		1.8%		2.1%		1.3%
Turnover rate		10.1%		9.7%		9.4%

Breakdown of permanent employee departures (turnover) ⁽¹⁾	2016	2016 (%)	2015	2015 (%)	2014	2014 (%)
BY AGE GROUP						
Under 30	681	17.7%	681	18.7%	557	17.1%
Between 30 and 44	1,159	30.1%	1,070	29.5%	912	28.1%
Between 45 and 54	565	14.7%	546	15.0%	473	14.6%
55 and older	1,441	37.5%	1,335	36.7%	1,307	40.2%
BY GENDER						
Men	1,256	32.7%	1,139	31.4%	953	29.3%
Women	2,590	67.3%	2,493	68.6%	2,296	70.7%
BY PROVINCE						
Quebec	3,409	88.6%	3,184	87.7%	2,999	92.3%
Ontario	390	10.2%	364	10.0%	209	6.4%
Other provinces	47	1.2%	84	2.3%	41	1.3%

⁽¹⁾ This data excludes approximately 5% of the workforce, primarily from Western Financial Group Inc.

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Employee benefits



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

- Life insurance
- Health insurance
- Drug, dental and vision care coverage
- Competitive benefits in the event of life changes, 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 employees' 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
- Winnipeg

The caisse network covers a wide geographical area, and the number of employees varies depending on customer volume at access points.

DISCLOSURES ON MANAGEMENT APPROACH – TRAINING AND EDUCATION



MATERIALITY

We encourage professional development among our officers, managers and employees 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 companies to invest at least 1% of their payroll in employee training every year.



MANAGEMENT

For many years, we've invested more than 2.5% of our payroll in staff training and development. The sustained interest shown by employees clearly demonstrates the value of these measures.

The Desjardins Cooperative Institute (DCI) provides an environment for continuing education focused on Desjardins's needs and priorities.

Average hours of training

LA9



In 2016, we invested nearly \$84.4 million—or 2.74% of our total payroll—in over 1 million hours of staff training and development activities, in large part through the DCI.

Skills management program

LA10



Desjardins Cooperative Institute

The Desjardins Cooperative Institute (DCI) is our training and development hub. The DCI is the very nerve centre for knowledge transfer on cooperation, making it a promoter of Desjardins's vision, values, priorities and strategies. The DCI provides our officers, managers and employees with ongoing training featuring:

- Flexible training options
- Job training programs
- Language training
- Interactive training activities
- Collaborative tools
- An integrated, computerized personal development management system

In addition to training, the DCI offers coaching and mentorship opportunities aimed at furthering group competencies across all levels of management, to support succession development and enhance the skills of our leaders.

The DCI offers a full range of training programs for jobs in the caisse network and business centres in Quebec and Ontario. By providing new hires with structured, standardized training, the DCI helps develop overarching skills and expertise and maintain employability.



The DCI is always on the lookout for industry best practices in training and strives to optimize its programs by sharing expertise with those responsible for training courses in our business sectors. It also hosts business sector training programs on its learning platform, MD2 (My Development at Desjardins), which is available to more than 50,000 officers, managers, employees, affiliated federations and business partners.

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Desjardins—Crédit Mutuel intercooperative education mission

In 2016, the DCI carried out a cooperative educational mission in Colombia to discuss corporate universities. This type of mission provides an opportunity to share best practices related to training and skills development.

Other career resources

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

- Career analysis to help employees evaluate their current professional standing and how to put their talents to good use, regardless of where they are in their careers
- Effective resumé writing (one-on-one or in groups)
- Job interview coaching to help employees showcase their strengths (one-on-one or in groups)

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 time (100% if in line with current job; 50% if developing skills for potential succession candidates)
- Reimbursement of tuition fees and 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 college and university graduates. These programs provide participants with the opportunity to acquire skills and knowledge specific to the financial sector. In 2016, we hired 157 interns, who were able to further their training through on-the-job experience and help our teams carry out their assignments.



An intensive retirement planning training program is available to participants of the Desjardins Group Pension Plan who are 50 or older and their spouses. A total of 1,670 people attended the training in 2016.

DISCLOSURES ON MANAGEMENT APPROACH – DIVERSITY AND EQUAL OPPORTUNITY



MATERIALITY

At Desjardins, we see diversity and equal opportunity as strengths to be leveraged. These values are inherent to our cooperative nature.



MANAGEMENT

Our HR policies are geared towards promoting a diverse workforce that includes and represents:

- Young people
- Women in leadership positions
- Members of different cultural communities

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- Persons with disabilities
- 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 are held throughout the year. For instance, in an effort to extend our talent pool, we created a program to hire employees with autism spectrum disorder (ASD). We also participate in a number of programs, including:

- Board of Trade of Metropolitan Montreal's Interconnection program
- Fondation Émergence
- Action main-d'œuvre

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

- Immigration and integration expo in Montreal
- Pride at Work Canada
- Networking event with Syrian refugees hosted by the Board of Trade of Metropolitan Montreal

In Aurora and Mississauga, 10 employee networking groups organize activities promoting diversity in culture, gender and sexual orientation.

In 2013, the caisses agreed to adopt a voluntary policy to promote gender parity on caisse governing bodies. Since then, 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 at the regional level (not at the caisse level)



EVALUATION

At Desjardins, we've set a target to ensure that elected officers are representative of the proportion of women and men in society. The indicator is included in the caisse network's performance review tool, and the target is tracked by caisses and regional councils. The results are used to guide discussions on representation in succession planning exercises.

Desjardins and the LGBT community

The Desjardins LGBT Committee, which was formed in 2010, received support from Desjardins for a number of initiatives in 2016, allowing it to extend its presence. In 2015, the committee enjoyed widespread visibility thanks to an exhibit it hosted to fight homophobia and intolerance, the first of its kind in Montreal.

The second annual happy hour event for Desjardins LGBT employees and allies was held at the Complexe Desjardins in November 2016, providing a great opportunity to discuss and celebrate LGBT inclusion initiatives. During the event, we announced that similar activities will be hosted in other regions, including Lévis, where some caisse and Federation employees have already committed to extending the initiative launched in Montreal.

We also took part in Gay Pride events in August and hosted Pride at Work Canada, an event that highlights our national and regional partners' commitment to including the LGBT community in Canadian workplaces. Over 70 employers signed on to build a nation where LGBT Canadians can achieve their full potential at work.



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Breakdown (%)	2016	2015	2014
BY GENDER	W : 42% M : 58%	W : 40% M : 60%	W : 39% M : 61%
BY AGE GROUP			
Under 34	16.0%	15.4%	14.8%
Between 35 and 49	21.0%	20.6%	20.4%
50 and older	63.0%	64.0%	64.8%

Breakdown by gender (%)	2016	2015	2014
SENIOR MANAGEMENT	W : 25.5% M : 74.5%	W : 25.8% M : 74.2%	W : 24.9% M : 75.1%
MANAGERS	W : 59.2% M : 40.8%	W : 59.4% M : 40.6%	W : 59.2% M : 40.8%
EMPLOYEES	W : 70.6% M : 29.4%	W : 71.9% M : 28.1%	W : 73.3% M : 26.7%

Breakdown by age (%)	2016	2015	2014
SENIOR MANAGEMENT			
Under 30	0.2%	0.2%	0.6%
Between 30 and 44	9.3%	11.4%	11.0%
Between 45 and 54	52.8%	50.5%	48.0%
55 and older	37.7%	37.9%	40.4%
MANAGERS			
Under 30	3.0%	3.2%	3.4%
Between 30 and 44	39.5%	38.9%	38.0%
Between 45 and 54	41.3%	42.2%	42.8%
55 and older	16.2%	15.7%	15.8%
EMPLOYEES			
Under 30	18.7%	18.5%	18.5%
Between 30 and 44	38.3%	37.8%	36.8%
Between 45 and 54	26.7%	27.8%	28.7%
55 and older	16.3%	15.9%	16.0%

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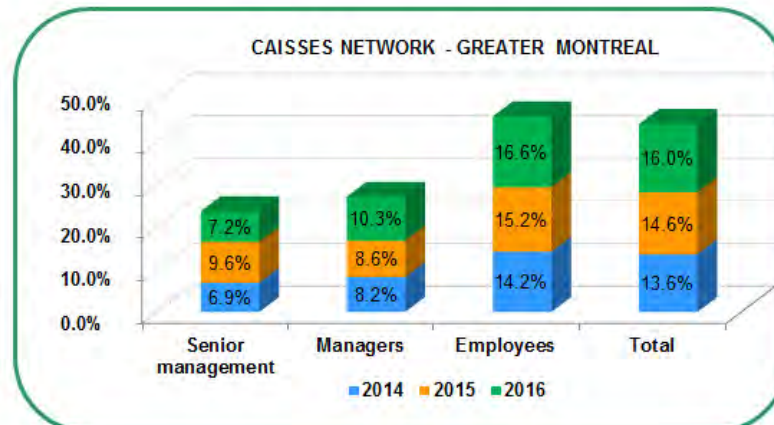
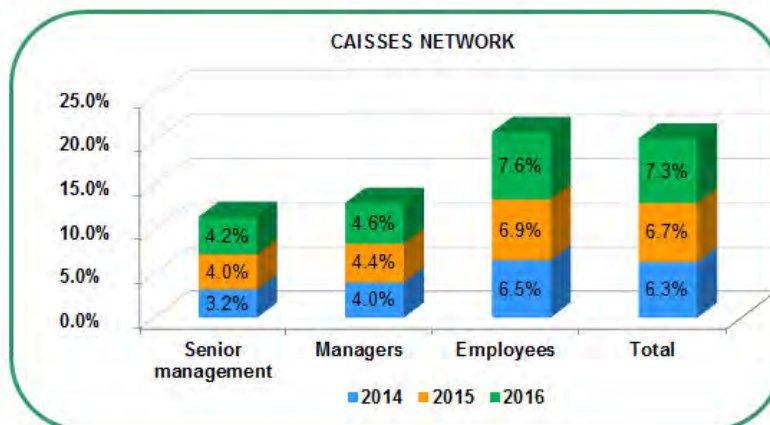
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Representation of cultural communities



DISCLOSURES ON MANAGEMENT APPROACH – ANTI-CORRUPTION



MANAGEMENT

Desjardins Group has 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.

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”) constitutes a key tool in the fight against corruption. Officers and employees are reminded of their responsibilities and duties in their training on the Code, including the requirement to act with discretion, diligence, honesty and loyalty at all times. The same Code applies to all Desjardins Group entities.

For violations of our regulatory framework, including the Code, we have an external reporting mechanism that can be used anonymously and confidentially. It encompasses 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.

We also draw on the following two policies in our fight against corruption:

- Policy on Security and Credit Checks for Employment
- Policy Governing the Integrity and Competency of Desjardins Caisse Officers in Quebec

We also have a consultation and decision-making process to determine how our contributions are allocated by taking into account input from different units across Desjardins.

We have appointed a Chief Compliance Officer, who is responsible for ensuring sound management of risks associated with money laundering and terrorist financing. 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. Two training courses—“Flag the Money” and “Flag the Money – It’s My Business Every Day”—provide information about the compliance program related to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

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And finally, we've appointed an 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). A training course entitled "FATCA 101 – Introduction to the Foreign Account Tax Compliance Act and the U.S.-Canada Intergovernmental Agreement" provides an overview of the compliance program and anti-tax evasion initiatives.

These initiatives foster a healthy corporate culture with respect to regulatory compliance.

Communication and training on anti-corruption policies and procedures

SO4

GRI

Officers and employees are reminded of their responsibilities and duties in their training on the Code, including the requirement to act with discretion, diligence, honesty and loyalty at all times.

In 2016, 3,050 employees and officers took the Measure Your Professional Conduct Quotient training course, for a total of 27,288 participants to date.

In 2016, Desjardins employee consent statistics for the Code were as follows:

- Federation and business sectors: 90%
- Quebec caisses: 67%
- Ontario caisses: 100%

2016 Security and Fraud Forum – Impacts of the Digital Revolution

In June, Desjardins security and fraud specialists (both managers and employees) and compliance and risk management officers from the caisse network, Desjardins business centres and the Shared Services Centre attended the 2016 Fraud and Security Forum – Impacts of the Digital Revolution.

The digital revolution has created numerous fraud and security challenges, from both a technological and a human perspective. The forum presented emerging challenges, market trends and best practices to prevent, detect and mitigate risks.



COMMUNITIES

WORKING FOR PEOPLE AND THEIR COMMUNITIES



\$100-MILLION
DEVELOPMENT FUND



A LEADER IN
RESPONSIBLE
INVESTMENT



22% DECREASE IN GHG
EMISSIONS*

*Compared to 2008



5.1 CONCRETE COMMUNITY ADVANTAGES

DISCLOSURES ON MANAGEMENT APPROACH – INDIRECT ECONOMIC IMPACTS



MATERIALITY

At Desjardins, we play a direct and indirect role in improving the socioeconomic development of communities across Canada and around the world. We do this through:

- Local economic activity
- Support for business and job development
- Training for elected officers
- Support for partner organizations and foundational projects
- Développement international Desjardins (DID)



MANAGEMENT

Local economic activity

Thanks to our vast distribution network and the decentralized nature of our operations, Desjardins is able to support the economic well-being of our communities in a concrete way across all of Quebec's regions. We updated our regional decentralization policy in 2014 and we ensure that it continues to be applied organization-wide in 2016. Our subsidiaries also do their part to keep quality jobs in different regions across Canada.

Support for business and job development in rural and urban communities

We offer a wide range of products that contribute to business and job development in rural and urban communities through:

- The caisses and their business centres
- Capital régional et coopératif Desjardins
- Desjardins Securities and Caisse centrale Desjardins
- Fonds d'investissement pour la relève agricole
- Fonds coopératif d'aide à la relève agricole
- Microcredit programs for business and other similar initiatives
- Partner organizations with a mission to foster job creation, such as Place aux jeunes en région, Réseau des carrefours jeunesse-emploi du Québec and Adopte inc.

Training for elected officers

The Desjardins Cooperative Institute provides training to elected officers to help them become more effectively involved in their communities. First and foremost, they learn how to make informed decisions for the future of their caisse. They also learn management and governance principles that they can apply to both their professional lives and their involvement in their communities. It's our way of fostering community solidarity, through which we hope to build a more democratic and participative society

Support for partner organizations and foundational projects

The 313 Desjardins caisses are fixtures in communities throughout Quebec and Ontario, due largely to the contribution of their officers, who are elected by caisse members. The caisses maintain partnerships and keep the conversation going with many community development stakeholders (local and regional municipalities, chambers of commerce, community

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organizations, etc.). These close relationships keep us connected to the needs of communities and involved in foundational projects that residents have identified as local priorities. The vast majority of Desjardins caisses have a Community Development Fund (CDF), which is set up by a vote of their members at the annual general meeting, to help finance these projects.

The Together campaign was designed to instill a sense of pride among members and inspire them to do their part for the community. The campaign was promoted in social and traditional media outlets and showcases the generosity of members that makes it possible for us to support foundational projects in the community. Desjardins also maintains close ties with a host of provincial organizations, helping us remain attuned to local and regional community needs.

Développement international Desjardins


DID works to strengthen local financial institutions and the inclusive finance industry in developing and emerging countries. DID's aim is to advance financial inclusion, which means making sure everyone has access to financial services.



EVALUATION

Desjardins collects extensive data on the indirect economic impacts of its operations, which we share each year in our annual report. Regional results are presented at the caisses' annual general meetings, where members have an opportunity to have their say.

Thousands of projects supported by Community Development Funds

EC8 



Our CDFs 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 to their CDF, which is managed by the caisse's board of directors.

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

Some CDF-funded projects in 2016

In the fall of 2015, we began posting 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.



To learn more: https://www.desjardins.com/ca/co-opme/desjardins-difference/being-member-contributing-endeavours/index.jsp?utm_campaign=vanity-url&utm_medium=vanity&utm_source=desjardins&utm_term=/ensemble/index.jsp.

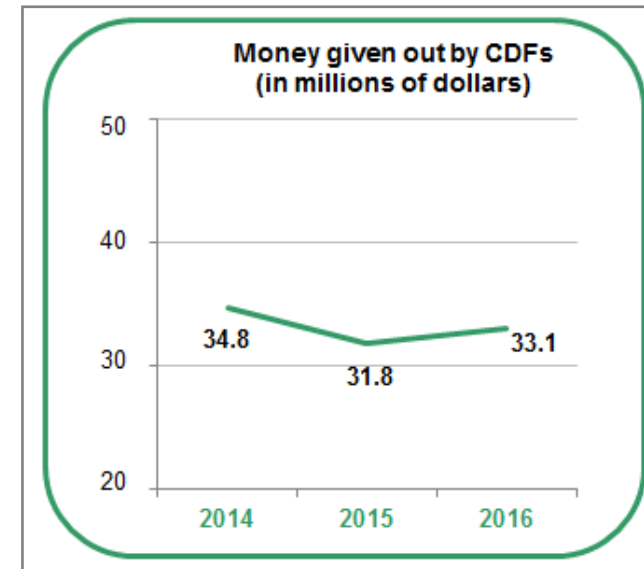


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Viva Montreal rewards citizen-based initiatives

Viva Montreal was an initiative to showcase Montrealers who contribute to community life, create pride for the city and make their neighbourhoods shine.

The year-long Viva Montreal contest was officially launched at Complexe Desjardins on January 29, 2016. The Viva Montreal team, in collaboration with the Montreal caisses, were able to meet with more than 5,000 people during its tour of the city's parks between May and September. There were four categories: Citizen, Entrepreneur, Organization and Young Leader and we received some 460 nominations. The jury narrowed it down to 12 finalists, and the final decision was turned over to the public. The voting period lasted from November 10 to December 1. Winners were announced during the kick-off celebration for Montreal's 375th anniversary on December 11. This contest was our way of demonstrating our dedication to the community and the value we place on Montrealers.

Helping people in difficult situations

Desjardins Disaster Relief Fund

EC8



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 DGIG, up to \$1 million. It's available to help:

- DGIG 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 2016, we helped some 40 disaster victims. Fortunately, there were no major disasters in Quebec in 2016, so we didn't need to use the recovery program.

The Fort McMurray wildfires

Once the evacuation centres were set up, Desjardins began helping the people affected by the fires:

- Contacting policyholders to get information on their situation
- Providing support and information on their insurance policy
- Issuing payments to policyholders quickly to make sure they could cover living expenses and waiving the deductibles for a time
- Delivering flowers to all the moms on Mother's Day

Desjardins was onsite full time for four months following the Fort McMurray wildfires to offer policyholders all the support they could. We also donated \$75,000 to the Canadian Red Cross in 2016 as it worked to help those affected by the wildfires.

The Lac Mégantic train derailment

Following an agreement with Montreal, Maine and Atlantic Railway, DGIG donated \$100,000 for key projects in Lac Mégantic following the rail disaster that hit the community in 2013. What's more, DGIG and Caisse Desjardins de la Région de Mégantic and Caisse Desjardins du Granit created a \$150,000 development fund to help rebuild the town.

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Encouraging better driving

The fun side of Ajusto

Ajusto is an app that promotes safe driving by rewarding users with medals when they make consecutive trips without incident (e.g., slamming on the brakes) or for keeping their driving score above a certain level. This is a fun aspect that challenges drivers to adopt—and maintain—better driving habits.

Education as accident prevention

DGIG promotes a range of activities and educational programs aimed at reducing the number of deaths and injuries that occur every year, and helping 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, which are the leading cause of death for 16- to 19-year-olds.
- Every year, we support road safety education and awareness campaigns on topics such as distracted driving, impaired driving and wildlife collisions.
- In September 2016, we hosted a forum on the impact of drug impaired driving in Canada. A group of experts discussed key topics, common myths and the challenges posed by recreational and prescription drug abuse.
- In November 2016, we provided financial support to the first Vision Zero Summit in Canada. The Summit was created in Sweden nearly 20 years ago and promotes road safety strategies to reduce injuries, property damage and deaths.

Three reports on road safety

State Farm Canada, a subsidiary of Desjardins Group, published three studies on road safety:

- Marijuana impaired driving: Some drivers believe that driving while high on marijuana doesn't affect their driving. 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 both parties are guilty of and offers road-sharing solutions.
- Pedestrian safety: The study presents ways to prevent road accidents involving pedestrians.

5.2 OUR CONTRIBUTION TO SOCIOECONOMIC DEVELOPMENT

DISCLOSURES ON MANAGEMENT APPROACH – ECONOMIC PERFORMANCE



MATERIALITY

As a financial institution, Desjardins Group puts a premium on economic performance, which we measure in terms of returns, financial stability and our contribution to sustainable prosperity. Sustainable prosperity means economic development that respects both people and the environment while benefiting present and future generations. Ever since Desjardins Group was founded, caisses have served to drive economic and social development, helping to spread financial literacy as a means of self-determination for individuals and communities.

To this day, we continue to fulfill our mission both in the communities the caisses serve and across the country through the tools and programs we develop. What members of the majority of caisses have in common is that they're geographically close, while members of each group caisse either work in the same field or are of the same ethnic origin.

EC8

GRI



MANAGEMENT

The presence of a shared services centre in a number of offices and the decentralization of administrative services to regional offices are ways in which Desjardins contributes directly to regional economies.

We draw on the expertise of local organizations to decide where, when and how to address specific community needs—proof again that Desjardins has strong connections to its roots. Desjardins Economic Studies also produces regional and subject-specific reports and analyses of changing consumer trends, which round out the information made available to our officers.



EVALUATION

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

Direct economic value generated and distributed

EC1



Desjardins Group (in millions of dollars)	2016	2015	2014
Operating income	14,131	13,924	12,654
Total income	15,250	15,286	15,235
Non-interest expense	7,253	7,003	6,554
Salaries	2,909	2,830	2,638
Benefits	639	645	562
Member dividends	144	154	217
Remuneration on shares	158	187	157
Income taxes	460	516	434
Indirect taxes	1,326	1,254	1,044
Donations and sponsorships	82	81	82
UNDISTRIBUTED SURPLUS EARNINGS	16,581	14,657	12,944

Shared Services Centre: Decentralization of administrative activities

EC8



On January 1, 2015, Desjardins created Desjardins Shared Services Group, a service company that brings together all of 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
- 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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Creating jobs where they're needed

EC8

GRI

One way Desjardins supports 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:

- In Granby, we have 240 employees who work out of the Carrefour de la coopération, which shares a building with Caisse Desjardins Granby – Haute-Yamaska.
- In 2016, roughly 50 employees joined the 350 employees of the AccèsD call centre in Trois-Rivières to specifically serve the business members.
- We have a student advisory centre in Gaspé, which handles government-backed student loans and employs some 100 people.

IT internship program in Trois-Rivières

Eight IT students will be able to participate in a paid internship program thanks to a partnership between Desjardins, the Université du Québec à Trois-Rivières and the Cégep de Trois-Rivières. The students will be working with the Desjardins's Rapid Application Development Centre, whose goal it is to harmonize and speed up the development of applications for the entire organization.

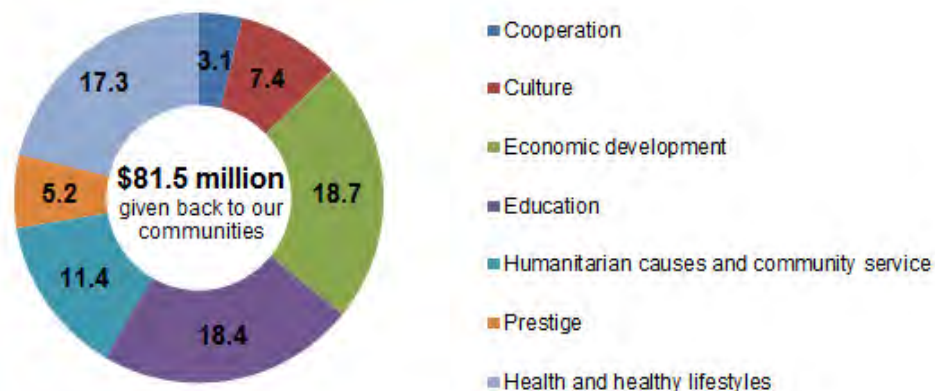
With a dozen employees in Montreal and Lévis already, the Rapid Application Development Centre now has its sights set on the Mauricie region, where it will offer IT students internships that work around their school schedule. Local specialists are available to offer guidance to students during their internship. Interns work part time during the semester and full time when they aren't in school. This is an opportunity for them to get a glimpse at the IT field so they can find out if it lives up to their expectations, meet new co-workers and experience the importance of teamwork in the workplace first-hand.

Donations and sponsorships

EC1

GRI

At Desjardins, we demonstrate our commitment to sustainable community development by investing in the community. We distributed \$81.5 million in donations, sponsorships, philanthropic partnerships and scholarships. This figure includes \$33.1 million from the caisses' Community Development Funds (CDFs).



\$100 million development fund

EC1

GRI

Desjardins announced the creation of a \$100-million development fund that will enable the caisses, and the regional councils and the group caisse council to express their sense of leadership and support projects that benefit our members and their communities.

The regional and group caisse councils will play a key role in implementing the fund. They'll be responsible for identifying and prioritizing areas for investment in their region. To achieve this, officers need to analyze the needs of their community and convey them to their regional councils and group caisse council.

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The projects funded may be those of local or regional caisse partners or partners of regional councils or the group caisse council. The fund can support:

- Development in the caisses' regions, economic sectors and communities
- The evolution of the caisses' distribution networks in response to the needs and reality of the regions
- Business development, innovation, entrepreneurship, as well as our partnerships
- Any other appropriate initiatives

5.3 VOLUNTEER AND FUNDRAISING ACTIVITIES

Cooperathon 2016: Innovation through cooperation

The Cooperathon is an event combining innovation and cooperative that we hold in November at Complexe Desjardins. It's a four-week hackathon that gives participants the opportunity to use creativity, expertise, innovative ideas and new digital technologies to find practical solutions to some of today's challenges.

The Cooperathon brings together 300 business, health and IT professionals, supported by 80 coaches and mentors. Cooperathon participants submitted over 90 ideas for the event's three categories: Smart City, Fintech and Health. Of those 90 ideas, 43 made it to semi-finals and 15 finalists were selected to present their experiment to the jury on November 4. The winning team developed an application to improve monitoring of patients with heart problems. It was awarded the grand prize of \$6,000 and received support and access to a variety of tools and programs from event partners.

The \$4,000 collected from the Cooperathon ticket sales was donated to the Quebec Coalition of Orphan Diseases.

During the Cooperathon, the organization, OnRoule, was able to test their cutting-edge prototype for an electronic device that enables persons with disabilities to open doors without having to hit the push button. The prototype won the Public's Choice Award.

Desjardins Cares and Shares Campaign raised more than \$4 million

EC1

GRI

Desjardins employees, officers and retirees came together once again this past year to show their generosity and participate in the 2016 Desjardins Cares and Shares Campaign to raise funds for United Way, the Red Cross and the Desjardins Foundation.

The 2016 campaign raised more than \$4 million, with more than \$711,000 going to the Desjardins Foundation.

- In Quebec, \$680,912 will be added to a special officer and employee fund for initiatives that encourage kids to stay in school.
- In Ontario, \$30,488 will go towards helping the Foundation develop projects and assist youth.

Encouraging kids to stay in school

EC1

GRI



In October 2016, we held Co-op Week and hosted a number of activities to encourage kids to stay in school. A total of 7,000 employees and officers and 200 caisses took part in 400 youth community projects.

We raised \$1.8 million on October 20 alone.

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Desjardins Endowment Funds

The Desjardins Endowment Funds are a long-term investment in causes that matter to donors. This serves to democratize philanthropy by making it easier for donors to make sizeable donations. In 2016, the Desjardins Foundation helped 26 donors set up their own endowment funds.

Working to preserve biodiversity

In 2016, we set up four beehives on the roof of a building on the Desjardins Campus in Lévis, in addition to the beehives at Complexe Desjardins in Montreal. This project is part of a global movement to raise awareness and protect pollinators to preserve biodiversity. It's a fitting initiative for Desjardins, considering that a bee and honeycomb make up our iconic logo. The sale of the honey produced by the hives was an unexpected success. The honey jars were sold out in less than 30 minutes and all proceeds went to the Desjardins Cares and Shares campaign, which donated the \$728.30 to Un garde-manger pour tous, an organization that works to lower school dropout rates and help people get back on their feet.

Programs to support our employees' volunteer efforts

EC1 

Recognizing our employees' volunteer work is both an important contributor to employee engagement and a concrete way of giving back to communities. Here are few of our programs.

Encouraging volunteer work with Cooperaction

Cooperaction is a program run by Desjardins Card Services (DCS) to support employees who volunteer their time to non-profit causes or organizations. The program provides logistical support and recognizes employees for their work.

As of December 31, 2016, the program had donated a total of \$63,868. Donations were made in cash or in the form of promotional material to 30 non-profit organizations in Canada. More than 150 employees took part in the program in 2016 and seven of those were given a paid day off as a thank-you for their ongoing volunteer work. What's more, 41 employees and managers participated in team-building activities by volunteering for charitable organizations in the greater Montreal area.

DCS donations and sponsorships

DCS showed its support to non-profits partnered with Desjardins and other philanthropic organizations. All told, DCS contributed \$85,930 in donations and sponsorships to 39 charitable organizations.

Outreach Programs

Desjardins General Insurance Group (DGIG) created the Outreach Program in March 2015. When employees do more than 40 hours of volunteer work or hold an event 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 will match the funds raised, up to \$100 for an individual or \$250 for a team.

In 2016, we had 500 new participants, bringing the total number of volunteers to 800. Together, they completed 8,422 hours of volunteer work for 93 organizations, with \$26,650 raised to support their actions. At DGIG, we want to support the commitment of our employees and teams and encourage them to abide by the organization's values.

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Working together to give back to the community

For the fourth consecutive year, Desjardins Insurance and the caisse network teamed up to donate \$785,000 to various organizations in 2016.

Every year, the participating caisses or business centres choose a local organization they want to support and, at the end of the year, Desjardins Insurance matches their donations. In 2016, 84 healthcare organizations across Quebec received donations—a 25% increase over the previous year.

Employees reaching out to at-risk teens

A team of employees in the group insurance sector showed how small gestures can make a big difference by taking part in Bien dans mes baskets, an extracurricular basketball program that encourages at-risk teens to stay in school and out of trouble and helps them thrive in society.

Guest speaker at an employee meeting in Montreal

A social worker from École Jeanne-Mance in Montreal spoke during an employee meeting about how basketball builds confidence and self-esteem in troubled youths.

Employees lend a helping hand in Quebec City

Employees in Lévis gave their time and money to prepare supper and breakfast for the players while they were in Quebec City for a road game. As a thank-you, the team won the game, rounding off a four-game winning streak. Both employees and players had such a great time that they're already looking forward to the next game in Quebec City.

Mentorship

The Desjardins Young Executives and the Bien dans mes baskets program teamed up to match six young executives with six players for a year-long mentorship to help them choose a career path and develop their leadership skills.

Giving underprivileged children a healthier future

For 14 years, the Full-Service Brokerage team has supported the Montreal Canadiens' Children Foundation. The Foundation works with organizations that provide a better and healthier future for children in need. In 2015 and 2016, the team participated in a number of fundraisers: commission day—when investment advisors donate a day's worth of commissions to the Foundation—the Desjardins Securities and the Desjardins Private Management golf tournaments, an oyster party and jeans day. The team raised more than \$500,000, for a total of \$4.8 million over the years.

Promoting good 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

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

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Operation Red Nose

In Quebec, Desjardins has been the lead sponsor of Operation Red Nose since it was first created 33 years ago. DGIG is Operation Red Nose's official insurer, providing insurance 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.

Figures from 2016:

- 78,341 rides in 100 communities across Canada (including 58,701 in Quebec)
- 55,669 Canadians (including 43,002 Quebecers) volunteered as designated drivers for at least one night, keeping the roads safe for everyone during the holiday season

\$288,500 to combat hail damage

DGIG made a financial contribution once again this year to the Alberta Severe Weather Management Society for its hailstorm suppression program. Hailstorms are a menace in Alberta, where they cause a great deal of damage, which is why this program is so important to Albertans and to the property and casualty insurance industry.

5.4 PRODUCT PORTFOLIO

DISCLOSURES ON MANAGEMENT APPROACH – PRODUCT RESPONSIBILITY



MATERIALITY

As a financial cooperative, we develop products and services that reflect our values and mission. In addition to offering security and good returns, our products and services:

- Cover the full range of our members' and clients' financial needs
- Encourage sound financial habits
- Contribute to the sustainable development of our communities



MANAGEMENT

We have a policy that provides our components with a framework for promoting sustainable development and implementing the necessary business and management practices. In line with our sustainable development policy, we launched environmentally friendly products and services like our Green Homes Program, green savings on insurance, a green option on our Ready-to-Drive Loan and our Energy-Efficiency Loan.

We also have a financial education policy, the goal of which is to help people make responsible financial decisions by helping them acquire the knowledge, skills and confidence they need. At Desjardins, we believe that financial education is just as important as the products and services we sell.

We also believe in solidarity-based financing as a source of sustainable prosperity. We work to build strategic partnerships with community organizations so that we can help people in need make the best decisions and provide them with suitable financing solutions. In 2016, we invested \$7 million in these programs.

Decarbonization is a process to reduce the carbon footprint of our investments. In 2015, we made it one of our three development priorities in a move to position Desjardins as a leader in the transition to a greener economy. In addition, the Federation Board of Directors included it in the strategic plan. This influenced our stakeholders to begin considering decarbonization targets for Desjardins investments.

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We set up a decarbonization committee made up of employees across all sectors at Desjardins to discuss and coordinate our efforts. The committee will provide the information necessary to make recommendations that are in line with industry targets to reduce the carbon footprint of our investments.

Desjardins pioneered the responsible investment movement in Canada and is today a leading proponent of the approach across the country. For Desjardins, responsible investment means integrating environmental, social and governance (ESG) issues into fund choices and management, taking a long-term investment view, and investing in companies with a focus on sustainable development. Some of the responsible investment products we sell include the SocieTerra funds and portfolios, composed of securities which are selected and managed using the following four strategies:

1- Exclusion of sectors or companies based on the environmental or social impacts or side effects of their activities.

Responsible investment products screen out investments from companies whose activities are related to:

- the processing or production of tobacco products
- nuclear power generation
- the production and distribution of assault weapons or large-capacity magazines

Exceptions may be considered if the company's activities are deemed beneficial to society, for example medical equipment manufacturing.

We also screen out companies whose activities may violate the terms of international treaties to which Canada is a party and companies whose activities are related to the production or distribution of weapons or military equipment prohibited by international humanitarian laws, including:

- Cluster munitions
- Anti-personnel mines
- Nuclear weapons

2- Incorporation of extra-financial ESG factors:

These criteria are taken into account alongside traditional financial factors, but their weighting may vary from one asset class to another, and may be adapted based on product, instrument type or investment strategy.

As an example, as part of a strategy to diversify both geographically and by market sector, the Desjardins SocieTerra Environment Fund offers a selection of securities based on an analysis of more than 2,000 companies by London-based independent environmental data analysis firm Trucost. Trucost's analysis model takes into account greenhouse gas (GHG) emissions, water consumption, waste management, natural resource dependency, and air, land and water pollution. As at December 31, 2016, the environmental impact of companies that the Desjardins SocieTerra Environment Fund invests in was 73% lower than that of another product containing securities from its reference index, the MSCI World Index.

3- Shareholder engagement:

This is a proactive way of getting involved in the governance of the companies included in the SocieTerra funds and portfolios. In line with our cooperative principles and values, we exert influence by:

- Engaging in dialogue to improve practices
- Submitting shareholder proposals to effect change
- Exercising voting rights at companies' annual general meetings
- Divesting (but only as a last resort)

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4- Collaboration with other institutional investors: By forming coalitions, we can more effectively lobby for improvements in corporate policy, industry standards and national and international regulations. To this end, Desjardins Investments, the Desjardins Funds manufacturer, works with various partners to create more solid coalitions and advocate for improved ESG factors. Several entities, namely Desjardins Investments, Caisse d'économie solidaire Desjardins and Développement international Desjardins, are signatories to the Principles for Responsible Investment, a UN-supported initiative that recommends the integration of ESG factors into investment practices.

⊕ To learn more: http://www.unpri.org/about-pri/the-six-principles/?mealingua_lang_id=10.



EVALUATION

The popularity of the financial products and services we offer shows clearly that they meet the needs of a growing clientele. We continually review and enhance our product line to ensure that it meets members' and clients' expectations.

Policies with specific environmental and social components

FS1



We have internal policies:

- Sustainable development
- Financial education
- Regional development
- Community involvement (for the caisses)
- Regional decentralization
- Vehicle use by managers (including an environmental option)
- Business travel
- Courtesy vehicles
- Procurement
- Disposition of property

We also have:

- A standard on the caisses' Community Development Funds
- A supplier code of conduct
- A code of ethics and professional conduct

Green discounts for drivers

FS8



With the green option on our Ready-to-Drive Loan, clients can buy a new hybrid or electric car at a 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.

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More reasons to invest in a green home

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

Owners of LEED-certified buildings are eligible for 10% off their property insurance premiums. Plus, mortgage applicants whose homes have Novoclimat 2.0 or Rénoclimat certification can also receive a \$50 discount on their home insurance.

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 420 homeowners have benefitted 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>

5.5 RESPONSIBLE INVESTMENT

DISCLOSURES ON MANAGEMENT APPROACH – SHAREHOLDER ENGAGEMENT



MATERIALITY

Many of the specialized savings products we offer our members and clients use a responsible investment approach. And when it comes to responsible investment, shareholder engagement is one of the major fundamental strategies we use. It allows us to interact directly with the companies selected for our investment portfolios, and encourage them to make improvements to the ways they manage ESG issues.



MANAGEMENT

SocieTerra funds and portfolios seek to influence targeted companies whose shares they hold. They do this in a variety of ways, including:

- Initiating dialogue
- Submitting shareholder proposals
- Exercising voting rights at company annual general meetings

⊕ See the Desjardins Funds Policy on the exercise of Proxy Voting Rights : https://www.desjardinsfunds.com/information/droit_vote_en.pdf

Additionally, to qualify for inclusion in our responsible investment products, companies undergo two types of analysis: one using traditional financial criteria, and another more thorough analysis using ESG criteria.

Desjardins Investments, which develops specialized savings products for Desjardins Wealth Management, is a Canadian leader in responsible investment. As such, it has been a signatory to the Principles of Responsible Investment since 2010, and so are Développement international Desjardins and Caisse d'économie solidaire. Desjardins Investments is also a member of the Boreal Leadership Council.

For each company, annual targets are set at the beginning of each cycle for dialogue, discussion themes and objectives as part of the fund management framework devised for Desjardins Wealth Management's responsible investment funds, Desjardins SocieTerra Environment Funds, Desjardins SocieTerra Canadian Bond Fund and others that make up the SocieTerra portfolios.

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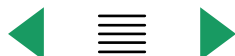
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If the objectives aren't met and the timing is right, Desjardins Wealth Management may exercise its right to submit a shareholder proposal. If the proposal doesn't receive the necessary support, Desjardins Wealth Management reserves the right to divest from the company.



EVALUATION

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, the government, 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
- A traditional analysis based on financial criteria

Responsible investment funds and portfolios (in millions of dollars)	2016	2015	2014
Desjardins SocieTerra Canadian Bond Fund	2.0	0.1	_(1)
Desjardins SocieTerra Environment Fund	0.8	_(2)	_(2)
Desjardins SocieTerra American Equity Fund	0.5	_(2)	_(2)
Desjardins SocieTerra Environment Fund	107.8	120.1	132.7
Desjardins SocieTerra Cleantech Fund	3.0	_(2)	_(2)
SocieTerra Conservative Portfolio	453.2	336.0	256.4
SocieTerra Balanced Portfolio	1,007.6	770.4	624.9
SocieTerra Growth Portfolio	638.9	508.8	423.7
SocieTerra Maximum Growth Portfolio	320.6	240.8	193.0
TOTAL	2,534.4	1,976.2	1,630.7

¹ Fund launched in 2015

² Funds launched in 2016



To learn more:

Socially responsible investing

<https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/responsible-financial-products-services/responsible-investing-lever-change/index.jsp>

Understanding responsible investing

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 (GHG) emissions or consuming less water.

Priority Terra assets under management	2016	2015	2014
3-year Priority Terra	\$88,610,890	\$74,178,782	\$47,889,299
5-year Priority Terra	\$320,634,630	\$203,976,490	\$140,501,618
TOTAL	\$409,245,610	\$278,155,272	\$188,390,917



⊕ To learn more: <https://www.desjardins.com/ca/personal/savings-investment/market-linked-guaranteed-investments/priority-terra-guaranteed-investment/index.jsp?gclid=C1bzqL2CpcoCFcwWHwodA4UBqA>.

The Darwin Discretionary Management Team

The Darwin Discretionary Management Team is a turnkey program offered by Desjardins Securities that gives clients access to an extensive network of renowned portfolio managers. Investment advisors can then suggest a strategy that best suits their clients based on their investor profile and risk tolerance to help them achieve their goals. We offer three products that use a responsible investment approach.

Responsible investment assets under management Darwin Program	2016	2015	2014
Ethical Canadian Equity Fund	\$520,489	\$366,208	\$187,620
Global Dividend Fund	\$5,238,975	\$9,503,878	\$6,347,638
Large capitalization - Future	\$4,342,352	5,242,058	\$4,493,047
TOTAL	\$10,101,816	\$15,112,144	\$11,028,305

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 type of fund that best corresponds to their risk profile—conservative, balanced or aggressive. The composition of this portfolio makes it easy for them to automatically adjust their portfolio to their 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 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 offered on the DFS platform. This document also explains the method(s) used for each fund: investment screening, sustainability themed investing, integrated analysis, and active ownership and engagement.

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Responsible investment assets under management Group retirement savings	2016	2015	2014
DFS NEI Canadian Bond Fund	\$4,348,657	\$2,512,132	\$2,254,846
DFS NEI Ethical Canadian Equity	\$11,619,769	\$5,861,432	\$5,812,804
DFS NEI Ethical Global Equity	\$2,955,278	\$945,527	\$559,802
TOTAL	\$18,923,704	\$9,319,092	\$8,627,451

+ To learn more: <https://www.desjardinslifeinsurance.com/en/group-retirement-savings/our-group-retirement-savings-services/investment-solutions>

Desjardins Private Wealth Management

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

Responsible investment assets under management Private management	2016	2015	2014
Bonds	\$901,972	\$1,305,968	\$1,317,278
Canadian equity	\$34,338,118	\$31,737,539	\$28,948,060
U.S. equity	\$14,789,641	\$16,804,474	\$16,935,915
TOTAL	\$50,031,747	\$49,849,996	\$47,203,267

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

In 2016, Desjardins Investments held direct and indirect dialogues with 96 companies in Canada, in the U.S. and around the world. The topics touched on a broad range of issues identified in a risk analysis of each company's corporate governance, environmental and social responsibility policies. These dialogues were all conducted directly by our responsible investment team or by external SocieTerra portfolio managers.

In addition to the above, Desjardins Investments is also a participant in two collaborative engagements coordinated by the Principles for Responsible Investment.

+ To learn more: www.desjardins.com/ri.

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Assets subject to positive and negative environmental or social screening

\$3 billion in assets managed by Desjardins Wealth Management have been evaluated against criteria to screen out investments associated with negative environmental or social impacts or side effects, representing an increase of 30% for 2016. In addition, \$26.9 billion in assets were evaluated against norm-based exclusions.

+ To learn more, see section 5.6

5.6 GREEN AND EFFECTIVE MANAGEMENT

2016 green initiatives

LEED Gold-certified buildings in Lévis

We received a LEED Gold certification for our office building at 150 rue des Commandeurs in Lévis. The building meets the highest industry standards in sustainable development and provides an ideal work environment for our employees.

A dozen charging stations

Quebec's Zero-Emission Vehicles Act was adopted to increase the number of electric vehicles on the road. To bolster this initiative, we installed 12 charging stations in three of the parking lots in the Desjardins Campus in Lévis. The stations are available free of charge for the next three years.

Peak energy demand management

We participated in a program to better manage our energy consumption at peak times. We were not only able to reduce our energy usage, but we also saved \$330,000 and lowered the operating fees charged to our tenants at the Desjardins Campus in Lévis and Complexe Desjardins in Montreal.

Toolbox for environmental protection



Our international development arm, Développement international Desjardins (DID), has developed a toolbox to help mitigate environmental and social risks. Along with the training programs it offers, DID uses this toolbox to provide environmental risk management support to its partners and encourages them to adopt social and environmental responsibility policies.

In 2016, DID published Reference Framework: Environment that presents the ways it employs to stimulate change. For example, DID is currently working on a project in Paraguay to encourage citizens to switch from charcoal to cleaner energy sources:

+ To learn more on the toolbox: <http://did.qc.ca/en/news/better-management-environmental-and-social-risks-145/>
To learn more on the Reference Framework: <http://did.qc.ca/en/news/did-makes-tangible-contribution-the-fight-129/>

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Pension plan investments in infrastructure

Desjardins Group has an infrastructure portfolio with a market value of approximately \$1.8 billion as at December 31, 2016. We've invested approximately \$860 million in the renewable energy sector, which represents a significant portion of this portfolio and includes 43 assets held directly or jointly with strategic partners.

In 2016, the Desjardins Group Pension Plan (DGPP) made acquisitions to grow the infrastructure portion of our portfolio and to invest in the expansion of renewable energy sources.

- The Mont-Rothery wind farm, located on public land belonging to the regional county municipalities of La Haute-Gaspésie and de La Côte-de-Gaspé operates 37 wind turbines for a capacity of 74 megawatts. This project stems our long-standing relationships with EDF and Manulife.
- A quality, large-scale European portfolio comprising 10 wind farms in France, which we've acquired through the DGPP's partnership with Innergex.



Greenhouse gas emissions reduction targets

DISCLOSURES ON MANAGEMENT APPROACH – MANAGEMENT OF GREENHOUSE GAS EMISSIONS



MATERIALITY

Climate change is one of the biggest threats facing the world today. We've chosen to do our part for the environment by reducing our greenhouse gas (GHG) emissions. To that end, we've turned our focus on the largest emitters of GHGs:

Transportation

By encouraging our 47,655 employees to use alternative transportation for their work commute or business travel, we help reduce GHG emissions.

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 elements (for recycled paper)
- Use of bleaching chemicals, such as chlorine, which produce polluting discharge with potentially high toxicity levels

Energy consumption

Desjardins is the largest private-sector employer and landowner in Quebec, and that means we use a lot of energy to heat, cool and light all 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. These measures also help us lower our energy costs considerably. Our strategy is not to coerce, but to incentivize.

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Product offer

Our products and services are designed to enable members and clients to do their part to reduce GHG emissions.



MANAGEMENT

Sustainable mobility

To lighten the environmental load of our employees' travel, we have:

- An Alternative Transportation Program
- The Desjardins shuttle, which transports employees between Montreal and Lévis
- An automobile policy for managers

Our automobile policy, which applies to company vehicles, includes financial incentives to choose fuel-efficient vehicles and imposes penalties when fuel consumption targets are exceeded. Any penalties we collect are invested in sustainable development initiatives.

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

Also, some Desjardins employees are permitted to work from home once or twice a week or month. While we don't have any concrete data, this is another initiative that helps us reduce the impact of our employees' travel.

Paper Challenge



Desjardins consumes nearly 1 billion sheets of paper every year. Because we're aware of the environmental impact, we launched our Paper Challenge, setting two objectives for ourselves:

- 10% reduction in paper consumption for 2015–2018
- 10% increase in recycled paper for 2015–2018

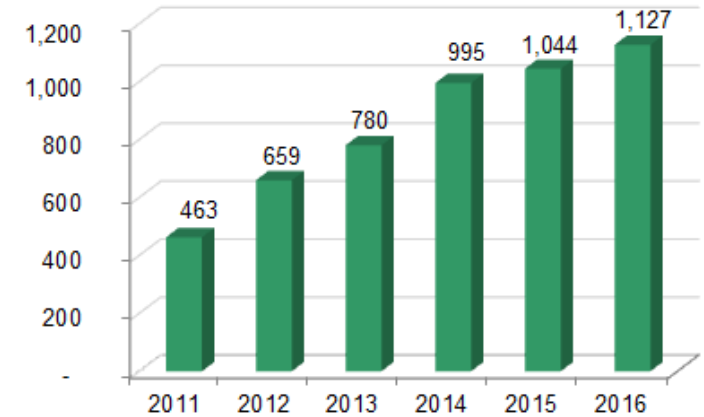
Energy efficiency

We've implemented numerous energy efficiency measures in our day-to-day operations; we offer members and clients green loans and energy-efficiency insurance incentives; we assess whether energy efficiency measures can be adopted when we build or renovate our buildings; and we've introduced sustainable property management practices. Given the green initiatives we've put in place over the years, we wanted to formally express our commitment to clean energy by signing the Statement by Financial Institutions on Energy Efficiency.

For example, our leases are managed to ensure that our tenants employ good environmental practices. As part of our requirements, our tenants must agree to never bring contaminants or harmful or dangerous substances into the rental spaces. Our property managers recommend that we produce an environmental report before we sell a real estate property.

Our real estate strategy includes design standards that create a better work environment, such as more natural light, collaborative areas and an adaptable office space so it can accommodate our employees' needs. Our office furniture suppliers are selected based on sustainable development criteria set out in our request for proposals. Also, we're in the pilot phase of a project with Recyclo-Environnement, an organization that promotes social integration, to see how we can repurpose our old office furniture.

Employees registered for carpooling





EVALUATION



Every year since 2008, we've produced an inventory of our GHG emissions which we share with the CDP (formerly Carbon Disclosure Project). CDP is a global disclosure system that collects data on businesses to help them manage their impact on the environment for the benefit of investors around the world. In 2015, Desjardins made a commitment to reduce our GHG emissions by 20% per employee by 2020 (compared to 2008). We included our reduction target in our 2016–2019 strategic plan and in our management dashboard.

In 2016, we reached our 2020 goal for GHG emission reductions, with a 22% result. However, because our results were notably due to special circumstances such as a mild winter and the decrease in the number of corporate vehicles, we'll be monitoring the target through to 2020. This significant decrease is also largely due to a number of sustainable measures we've put in place, including:

- Increasing the use of recycled paper
- Putting in place energy efficiency measures for our buildings and optimizing our office space

The fact that the Canadian government has significantly reduced the number of emission factors, in response to measures promoting cleaner sources of energy, has helped us achieve our goal.

In 2017, we'll be looking at the possibility of setting longer-term goals in terms of GHG emission reduction. To do that, we'll be using the results of a preliminary analysis of our GHG inventory which will be conducted in 2017 by an external auditor. We'll continue this analysis through to 2020, in which year we'll conduct a full analysis of the inventory.

GHG EMISSIONS IN METRIC TONS OF CARBON DIOXIDE (CO2) EQUIVALENT EN15 to EN19



GHG emissions per employee

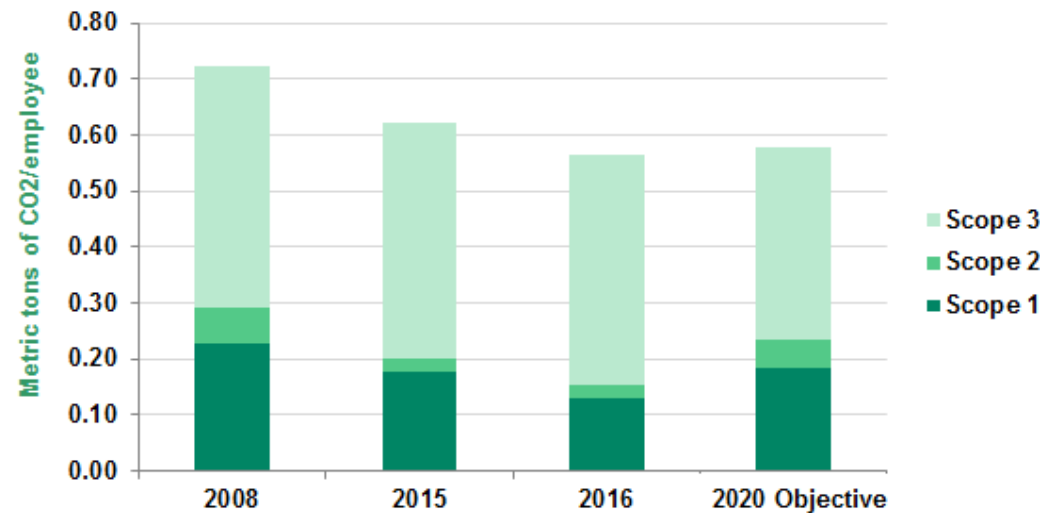


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Greenhouse gas (GHG) emissions in metric tons of carbon dioxide (CO₂) equivalent ⁽¹⁾

	2016	2015	2008
Direct GHG emissions (Scope 1) ⁽²⁾	6,243	8,374	9,508
Indirect GHG emissions (Scope 2) ⁽³⁾	1,008	1,122	2,601
Other indirect GHG emissions (Scope 3) ⁽⁴⁾	19,587	20,058	17,940
Total GHG emissions ⁽⁵⁾	26,838	29,554	30,049
Total GHG emissions per employee	0.56	0.62	0.72

(1) Prior to 2016, caisse data on paper consumption and business travel was based on a voluntary annual census. In 2016, with a view to improving efficiency and data traceability, paper data was calculated using data provided by our printing and office supply providers and business travel data is now calculated from general ledger accounts. Data from previous years has been restated following updates to emission factors, other corrections and minor changes resulting from improved collection methods. However, we had to modify the GHG data for 2015 in order to correct inaccurate information provided by one of our printing suppliers. Data published in this report reflects these changes. Due to the difficulty of obtaining reliable information and the lack of control over the operations of rented buildings, the inventory doesn't include any rental spaces occupied by Desjardins.

(2) Sources of direct emissions (Scope 1) include those related to fuel consumption and leakage of coolants and extinguishing agents in Desjardins Group's buildings and vehicle fleet.

(3) Sources of indirect emissions (Scope 2) include electricity and steam consumed in spaces occupied by Desjardins Group, including rental spaces. Rental space belonging to Desjardins Group but occupied by third parties (real estate investments) aren't inventoried due to the difficulty of obtaining reliable information and the lack of control over the operations of these spaces.

(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, and paper consumption (calculated using the Environmental Paper Network's Paper Calculator).

(5) 2015 data covers all of Desjardins Group and was collected for:

- Fédération des caisses Desjardins du Québec
- Desjardins General Insurance Group
- Desjardins Financial Security
- Desjardins Venture Capital
- Desjardins Property Management
- Développement international Desjardins
- Caisse centrale Desjardins
- Desjardins Global Asset Management
- Desjardins Securities
- Desjardins Technology Group
- Desjardins Investment Product Operations Management
- Desjardins Investments Inc.
- Desjardins Shared Services Group
- Western Financial Group
- State Farm

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Our procurement practices

DISCLOSURES ON MANAGEMENT APPROACH – PROCUREMENT PRACTICES



MATERIALITY

At Desjardins, procurement is more than simply acquiring goods and services. It's a strategic process that follows a strict approach and generates significant, measurable benefits based on the "total cost of ownership" principle. At Desjardins, the procurement process isn't isolated from the rest of our operations—we approach it as a way to create value and make a positive contribution to our business strategies.



MANAGEMENT

We adopted a procurement policy that stipulates that all purchases, including products regularly used throughout the caisse network, must be made by the Procurement and Administrative Services Division. Our management approach to procurement is based on social responsibility, business reciprocity and our internal codes and policies.

In 2016, Desjardins purchased \$1.4 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're aware of the influence we have with our suppliers and encourage them to adopt sustainable practices.

Thanks to our responsible 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 comprehensive report to the Quebec government.

Supplier relationships

We strive to build respectful and collaborative business relationships with all our suppliers and follow industry best practices. We take great care to ensure we adhere to strict ethical principles in awarding contracts, and it's important to us that our suppliers understand and share our cooperative values and sustainable practices.

Quebec finance industry leader in responsible procurement

Desjardins is the only financial institution to be a founding member ECPAR, (Espace québécois de concertation sur les pratiques d'approvisionnement responsable), a Quebec-based group dedicated to building partnerships to establish responsible procurement practices. As such, we developed a standardized system to assess our suppliers against social responsibility criteria. By incorporating these criteria into our overall supplier assessment process, we hope to encourage responsible practices in our business partners.

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 a [supplier code of conduct](#), which sets out our expectations in the following areas:

- Ethics and governance
- Human rights
- Workplace health and safety
- The environment
- Overall performance and ongoing improvement



EVALUATION

In 2016, 90% of our purchases were made from suppliers that have signed the code of conduct. As part of our ongoing efforts to better incorporate social responsibility practices in the procurement process, we standardized our approach to responsible procurement, thereby ensuring better control over our social responsibility performance.

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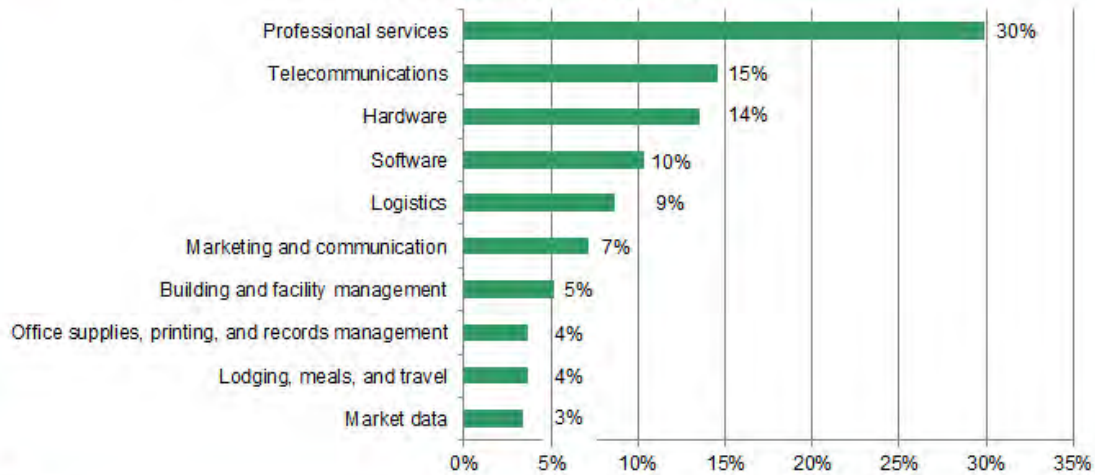
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Breakdown of procurement purchases made by Desjardins in 2016 (excluding claims and the caisse network)

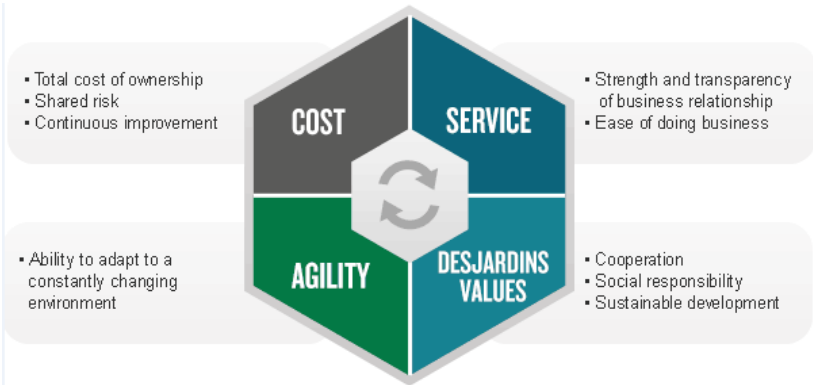


Supplier assessment

As part of our strategic procurement process, we assess the overall performance of our suppliers using four main criteria:

1. Costs
2. Service
3. Agility
4. Desjardins values

EC10



Sustainable development



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

One of the steps we took in 2016 was to standardize how we evaluate our suppliers against sustainable development criteria. Now, all our suppliers are evaluated on the same basis via a questionnaire that covers four areas:

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

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

In 2016, the total value of purchases made based on assessments using sustainable development criteria was approximately \$129 million.

Waste management

DISCLOSURES ON MANAGEMENT APPROACH – RESIDUAL WASTE



MATERIALITY

We're working with our suppliers and employees to reduce our environmental footprint. Waste management is part of:

- Our commitment to fostering the development of a green economy
- Our compliance with the Environment Quality Act



MANAGEMENT

\$4 million for curbside recycling

Since 2006, Desjardins has invested nearly \$4 million in municipal curbside recycling. As part of our responsibilities under the Environment Quality Act, we pay hundreds of thousands of dollars every year to Éco Entreprises Québec to help fund this important service that benefits the environment.

Integrated residual waste management

We're currently working to standardize all our residual waste management processes for all our entities. After analyzing our various processes, we identified a list of all the materials eligible for reduction, reuse and recycling programs. We developed a standardized data collection system so that we can gather annual data to help us better manage the following materials:

- Paper and cardboard
- 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)
- Office furniture

We reorganized the layout at Complexe Desjardins in Montreal to encourage more tenants to implement better residual waste management practices.



EVALUATION

We received recognition from the city of Lévis for our recycling facilities. The city representative gave us a very good rating and no contaminants were found onsite.



REUSE AND RECYCLING OF RESIDUAL WASTE

We have a long history of following sound waste management practices in all of our workplaces.

EN23

GRI

Residual waste (in metric tons)	2016
Sent to landfills	2,288.76
Recycled or recovered	3,348.04
TOTAL RESIDUAL WASTE	5,636.80
Recycling ratio (recovery/composting)	59.4%

Circular economy

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

In 2016, a total of 25,628 cartridges—62% of our total usage—were repurposed or recycled by Lexmark. Our efforts raised \$187,388, which was enough to cover the cost of 6 MIRA dogs.

Through this circular economy initiative, not only are we able to make a positive contribution to society by helping fund MIRA's work with visually impaired individuals, 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 or economic benefit.

Composting bins



Desjardins has 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.

- Many of our employees are proud that Desjardins is a leader in the preservation of the planet.
- In 2016, we began emptying office waste bins less frequently (from five times a week to once a week). This move generated recurring savings of more than \$200,000; and composting in Lévis saved over \$25,000.

EN23

GRI

GLOBAL REPORTING INITIATIVE

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GRI INDEX

2016 SOCIAL RESPONSIBILITY REPORT

G4-32 – "IN ACCORDANCE" OPTION

Desjardins Group affirms that this report was produced in accordance with the Core option of the Global Reporting Initiative G4 Guidelines.

G4-33 – EXTERNAL ASSURANCE

Although this report has not been audited externally, all disclosed data has been validated internally by senior management. Our 2013 and 2014 reports also underwent an internal audit, and corrections were incorporated in subsequent reports.

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES		PAGE(S)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS			
G4-1	President's statement	6, 7, 94	No
G4-2	Key impacts, risks and opportunities	94, 95	No
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	95	No
G4-4	Primary brands and services	95 to 97	No
G4-5	Location of headquarters	97	No
G4-6	Geographic breakdown	18, 54, 97, 98	No
G4-7	Legal form	98	No
G4-8	Markets served	98	No
G4-9	Scale of the organization	21, 98	No
G4-10	Workforce distribution	99	No



GENERAL STANDARD DISCLOSURES		PAGE(S)	EXTERNAL ASSURANCE
G4-11	Collective agreements	99	No
G4-12	Supply chain	100	No
G4-13	Significant changes to the organization	100	No
G4-14	Precautionary principle	100	No
G4-15	Charters and principles	100, 101	No
G4-16	Associations	101 to 106	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included	106 to 108	No
G4-18	Process for defining report content	108	No
G4-19	Material aspects	108	No
G4-20 G4-21	Aspect boundary within/outside the organization	109, 110	No
G4-22	Restatements of information	110	No
G4-23	Significant changes in the scope and aspect boundaries	111	No
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholders	111	No
G4-25	Selection criteria	111	No
G4-26	Approach	111	No
G4-27	Key topics and concerns	111	No
REPORT PROFILE			
G4-28	Reporting period	111	No
G4-29	Date of previous report	111	No



GENERAL STANDARD DISCLOSURES		PAGE(S)	EXTERNAL ASSURANCE
G4-30	Reporting cycle	111	No
G4-31	Contact point	112	No
G4-32	“In accordance” option	112	No
G4-33	External assurance	112	No
GOVERNANCE			
G4-34	Governance structure	38, 112	No
G4-35	Process for delegating authority	38, 112	No
G4-36	Responsibility for economic, environmental and social topics	38, 112	No
G4-37	Consultation on economic, environmental and social topics	38, 112	No
G4-38	Composition of the highest governance body and its committees	38, 112	No
G4-39	Non-separation of chair and executive officer roles	38, 112	No
G4-40	Nomination and selection processes	38, 112	No
G4-48	Report approval	38, 112	No
G4-51	Remuneration policies	38, 112	No
G4-52	Process for determining remuneration	38, 112	No
G4-53	Consultation on remuneration	38, 112	No
G4-54	Compensation ratio	38, 113	No
G4-55	Board attendance figures	38, 113	No
ETHICS AND INTEGRITY			
G4-56	Organizational values, principles, standards and norms of behaviour	113	No
G4-57	Mechanisms for seeking advice	113	No
G4-58	Reporting mechanisms	114	No



SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE(S)	OMISSIONS	EXTERNAL ASSURANCE
ECONOMIC	EC1 Direct economic value generated and distributed	66 to 69	N/A	No
	EC8 Significant indirect economic impacts	31, 32, 42, 63 to 67	N/A	No
	EC10 Supplier assessment	84	N/A	No
SOCIAL LABOUR PRACTICES	LA1 Turnover rate and new employee hires	53	N/A	No
	LA2 Employee benefits	54	N/A	No
	LA9 Average hours of training	55	N/A	No
	LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	55	N/A	No
	LA12 Composition of governance bodies and breakdown of caisse elected officers and employees	58	N/A	No



MATERIAL ASPECTS	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS		PAGE(S)	OMISSIONS	EXTERNAL ASSURANCE
SOCIAL SOCIETY	FS13 Access points in low-populated or economically disadvantaged areas by type		42, 43	N/A	No
	FS14 Initiatives to improve access to financial services for disadvantaged people		16, 17, 19, 42	N/A	No
	FS16 Initiatives to enhance financial and cooperative literacy		11 to 15, 28, 29, 42	N/A	No
	SO1 Percentage of operations with implemented local community engagement, impact assessments and development programs		42, 43	As a survey of sites has not been conducted, the percentage is not available. Sites that received no local support are exceptions.	No
	SO4 Communication and training on anti-corruption policies and procedures		42, 60	N/A	No
SOCIAL PRODUCT RESPONSIBILITY: MEMBER AND CLIENT EXPERIENCE	FS1 Policies with specific environmental and social components applied to business lines		73	N/A	No
	FS7 Products and services designed to deliver a social benefit		16, 32 to 34, 36	N/A	No
	PR5 Results of surveys measuring member and client satisfaction		25	N/A	No
	PR10 Initiatives developed by the organization to raise employee awareness of data protection		26	N/A	No



MATERIAL ASPECTS	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE(S)	OMISSIONS	EXTERNAL ASSURANCE
SOCIAL PRODUCT RESPONSIBILITY: MEMBER AND CLIENT EXPERIENCE (cont.)	FS8 Products and services designed to deliver an environmental benefit	30, 73 to 75	N/A	No
	FS10 Number of companies held in the organization's portfolio with which it has interacted on environmental or social issues	77	N/A	No
	FS11 Assets subject to positive or negative environmental or social screening	78	N/A	No
ENVIRONMENTAL	EN15 Direct greenhouse gas emissions (Scope 1)	81	As emissions for QTrade Canada Inc. and Zag Bank are not available, the data is not included in these indicators.	No
	EN16 Energy indirect greenhouse gas emissions (Scope 2)	81		No
	EN17 Other indirect greenhouse gas emissions (Scope 3)	81		No
	EN18 Greenhouse gas emissions intensity	81		No
	EN19 Reduction of greenhouse gas emissions	81		No
	EN23 Total weight of waste	86	Data is only available and reported for buildings owned by Desjardins in Quebec, excluding the caisse network.	No



METHODOLOGY GRI

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS (4-1 AND 4-2)

G4-1 – President’s statement

Go to pages 4 to 6 to read the president’s statement.

G4-2 – KEY IMPACTS, RISKS AND OPPORTUNITIES

Identification and management of main risks

The Board of Directors is responsible for identifying the main risks for the Fédération des caisses Desjardins du Québec (the Federation) and Desjardins Group, setting risk tolerance and appetite limits and ensuring that management sets up the required systems to manage these risks in an integrated manner. The Federation is supported in these tasks by Desjardins Group’s Risk Management Executive Division. Backed by the Risk Management Commission, the Board works with the Audit and Inspection Commission, which is responsible for risks related to the financial disclosure process. The same applies to Caisse centrale Desjardins and Desjardins Trust Inc. The Management Committee also supports the Board in carrying out its financial disclosure responsibilities. At every one of their sessions, the members of the Risk Management Commission hold closed-door meetings with the Chief Risk Officer of Desjardins Group as well as closed-door meetings which are not attended by management. The Board can count on the contribution of the Desjardins Group Finance and Risk Management Committee and the Integrated Risk Management Committee, which mainly comprise managers from finance, risk management, compliance and IT, as well as the business sectors.

A detailed presentation of the risk management principles applied at Desjardins Group can be found in the Risk Management section of the annual report’s Management’s Discussion and Analysis (<https://www.desjardins.com/annualreport>).

The complete mandate and composition of the commissions and committees that support the Federation’s Board of Directors in the performance of its duties are available on our website at www.desjardins.com/ca/about-us/desjardins/governance-democracy/index.jsp. Additional information about the Risk Management Commission and its governance practices can also be found there.

Environmental risk

Environmental risk is the risk of financial, operational or reputational loss for Desjardins Group as a result of the impact of environmental issues, whether they occur through our credit or investment activities or our operations.



In addition to the potential financial losses that could be incurred through poor management of environmental risk, there's increased credit risk through the impairment of assets pledged as collateral, and greater reputational risk should assets taken as collateral become the subject of discussions in the media about social and environmental issues.

Environmental risk is an integral part of our Integrated Risk Management Framework. We'll update our assessment of risks associated with climate change in 2017.

Another way we continue to be a leader in sustainable development is through our line of responsible investment products, which factor in not only environmental risks, but also social and governance aspects of the companies that shares are held in. We also reviewed our policy on our commitment to sustainable development and adopted nine action plans for its implementation, which will help us achieve a number of targets, including those related to our involvement in the Carbon Disclosure Project (CDP). We also have clear performance indicators for social responsibility, which we report on to ensure transparency and rigour, and which help us evaluate the results of our commitments and actions. The 2016 CDP rankings, which place Desjardins Group second in Canada along with two other financial institutions, clearly show that these initiatives are paying off. Our concern with sustainability is apparent in many of the products and services we offer our members and clients, and in how we operate, as shown in this report.

We've also implemented a reputational risk assessment process, which is managed by the Human Resources and Communications Executive Division in conjunction with the Risk Management Executive Division. Lastly, training on social acceptability is available to caisse officers upon request.

ORGANIZATIONAL PROFILE (4-3 TO 4-16)

G4-3 – NAME OF THE ORGANIZATION

Desjardins Group

G4-4 – PRIMARY BRANDS AND SERVICES

We offer a wide assortment of financial products and services for individuals, associations, cooperatives and businesses:

- Savings and investment solutions
- Securities
- Debit, credit and prepaid cards
- Payment services
- Personal and commercial loans
- Property and casualty insurance
- Life and health insurance
- Group insurance and pension plans
- Wealth management



Our brand architecture looks like this:

- Master brand (Desjardins)
- Commercial brands, which include:
 - Pillar brands
 - Identity brands
- Institutional brands
- Endorsed brands
- Stand-alone brands

OUR BRANDS

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DESJARDINS GROUP BRAND ARCHITECTURE

DESJARDINS BRAND

Master brand



COMMERCIAL BRANDS

Pillar brands



Identity brands



INSTITUTIONAL BRANDS



DESJARDINS GROUP BRAND ARCHITECTURE

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ENDORSED BRANDS



Brands for DFS independent brokers



STAND-ALONE BRANDS



G4-5 – LOCATION OF HEADQUARTERS

100 rue des Commandeurs
Lévis QC G6V 7N5

G4-6 – GEOGRAPHIC BREAKDOWN

We conduct most of our business in Canada. In the province of Quebec, Desjardins is the predominant financial institution, with a particularly strong presence in outlying areas with low population densities, where we're often the only financial institution.

+ To learn more: Accessible services for all our members



We have a presence in the United States, where we do business as Desjardins Bank, National Association (a retail banking provider) and Caisse centrale Desjardins U.S. Branch (which supports business members and clients in Florida). We also have a representative office in Paris, France.

In addition, our non-profit organization Développement international Desjardins (DID) operates in 30 countries across four continents. DID is active in the following three areas:

- Advisory services
- Investments
- Creation and operation of entrepreneur financial centres

G4-7 – LEGAL FORM

Desjardins Group includes a network of Desjardins caisses located in Quebec and Ontario as well as the Fédération des caisses Desjardins du Québec (the Federation) and its components, which include Capital Desjardins inc., Caisse centrale Desjardins (CCD), the Fédération des caisses populaires de l'Ontario Inc. and Fonds de sécurité Desjardins.

The Quebec caisses, CCD, Fonds de sécurité Desjardins and the Federation are incorporated under the *Act respecting financial services cooperatives*, CQLR c C-67.3.

The Ontario caisses and the Fédération des caisses populaires de l'Ontario Inc. are incorporated under the *Credit Unions and Caisses Populaires Act*, 1994, S.O. 1994.

G4-8 – MARKETS SERVED

We serve individuals, businesses, self-employed workers, non-profit organizations, public institutions and all three levels of government. We also strive to be the provider of choice for Canada's credit unions and other cooperatives, both inside and outside the financial services industry.

We offer customers across Canada a range of financial services for banking, payments and wealth management, as well as property and casualty insurance and life and health insurance products for individuals and groups. We also assist clients who do business abroad. Our banking services in Florida are provided through Desjardins Bank, National Association and Caisse centrale Desjardins U.S. Branch.

G4-9 – SCALE OF THE ORGANIZATION AS AT DECEMBER 31, 2016

Total number of employees	47,655
Total income	\$15,250 million
Total assets	\$258,367 million
Number of caisses and caisse points of service in Quebec and Ontario (including caisse head offices and service centres)	1,080
Product portfolio	FS7 FS8



G4-10 – WORKFORCE DISTRIBUTION

Workforce distribution	2016	2015	2014
Desjardins Group business sectors and support functions	29,207	28,280	25,653
Caisse network	18,448	19,374	20,313
Quebec	40,230	40,402	40,779
Ontario	4,808	4,677	2,849
Other provinces	2,505	2,445	2,256
Outside Canada	112	130	82
Permanent	90.2%	90.6%	89.9%
Contract	9.8%	9.4%	10.1%
Senior managers	0.9%	1.0%	1.1%
Managers	7.1%	7.6%	7.5%
Employees	92.0%	91.4%	91.4%
Total workforce	47,655	47,654	45,966

G4-11 – COLLECTIVE AGREEMENTS

In Canada, the right to organize is protected by law. Desjardins is fully compliant with all applicable labour legislation. In 2016, collective agreements covered:

- 17.9% of employees
or
- 26.9% of caisse network employees, including employees in the Desjardins business centres

We consider all potential legal implications prior to any actions we take. It's our policy to respect the right to organize and to respect negotiated working conditions.



G4-12 – SUPPLY CHAIN

At Desjardins, our procurement policy is standardized organization-wide and approved by the boards of directors of our various subsidiaries. The policy stipulates that any acquisitions, including products regularly used throughout the caisse network, must be made by the Procurement and Administrative Services Division.

We have a special Supplier Centre section on Desjardins.com. It includes detailed reference information about our supply and payment services, our values and principles, our supplier selection process, our code of conduct for suppliers, and the full procurement process from requisition to payment.

Professional services and technology represent the lion's share of purchases made by Desjardins.

⊕ To learn more: [Our procurement practices in section 5.](#)

G4-13 – SIGNIFICANT CHANGES TO THE ORGANIZATION

- Change in Desjardins Group's leadership: Guy Cormier was elected President and CEO of Desjardins Group, and a new management committee was put in place.
- The Federation and CCD merged effective January 1, 2017, in order to optimize and streamline Desjardins Group's structure.
- On May 17, 2016, Desjardins announced the sale of its pet insurance subsidiary. The transaction was finalized on January 1, 2017.
- In 2016, \$500 million in capital shares were issued. The total value of Class F capital shares held by caisse members amounts to more than \$4.1 billion.

G4-14 – PRECAUTIONARY PRINCIPLE

At Desjardins Group, we take our environmental impact seriously and have incorporated environmental risk in our risk management framework. In reviewing credit applications from commercial, industrial, real estate or agricultural borrowers, we examine potential environmental risks against current standards. Environmental considerations are also an integral part of the risk analyses we conduct as part of our organizational development projects.

G4-15 – CHARTERS AND PRINCIPLES

As a corporate citizen committed to sustainable community development, Desjardins supports the following initiatives:

- United Nations Environment Programme Finance Initiative – Member (2003)
- Carbon Disclosure Project – Signatory (2013)
- Declaration of the International Co-operative Alliance – Signatory
- Final declarations of the International Summit of Cooperatives – Signatory (2012 and 2014)
- Principles for Responsible Investment – Signatory (Desjardins Investments in 2009)
- Statement by Financial Institutions on Energy Efficiency – Signatory (2015)
- European Association of Co-operative Banks COP21 statement – Signatory (2015)



DID has supported the following initiatives:

- Principles for Responsible Investment (April 2014)
- Global Impact Investing Network (April 2014)
- Smart Campaign for the protection of microfinance clients (March 2011)

G4-16 – ASSOCIATIONS

Desjardins maintains close relationships with a number of associations, institutions and public agencies. This may involve a member of Desjardins senior management or of the board of directors sitting on one of our partners' boards or participating in an advisory committee or working group, or it may take the form of financial support.

Cooperatives and mutuals

International Co-operative Alliance (and its members)
 Canadian Association of Mutual Insurance Companies
 Canadian Coalition for Good Governance
 Conseil québécois de la coopération et de la mutualité (and its members)
 Conseil de la coopération de l'Ontario
 Co-operatives and Mutuals Canada (and its members)
 International Confederation of Popular Banks
 Crédit industriel et commercial (subsidiary of Crédit Mutuel)
 Filene Research Institute
 Fondation pour l'éducation to la coopération et à la mutualité
 European Association of Co-operative Banks
 International Cooperative and Mutual Insurance Federation
 International Raiffeisen Union
 Cooperative leaders on B20 committees
 Réseau de la coopération du travail du Québec
 Société pour la coopération et le développement international
 International Summit of Cooperatives
 Ontario Co-operative Association

Finance and insurance

Financial Consumer Agency of Canada
 Canadian Life and Health Insurance Association
 Mutual Fund Dealers Association of Canada
 Canadian Insurance Claims Managers Association
 Investment Industry Association of Canada
 Canadian Association of Financial Institutions in Insurance
 Canadian Bankers Association
 Autorité des marchés financiers
 Business Development Bank of Canada
 Bank of Canada



Insurance Bureau of Canada

Office of the Superintendent of Financial Institutions

Caisse de dépôt et placement du Québec

Canadian Association of Direct Relationship Insurers

Canadian Association of Special Investigation Units

Canadian National Insurance Crime Services

Financial Transactions and Reports Analysis Centre of Canada

Centre de développement en assurances et services financiers (Puissance Onze)

Chambre de la sécurité financière

Financial Services Commission of Ontario

Conseil des fonds d'investissement du Québec

Conseil des professionnels en services financiers

Corporation des assureurs directs de dommages

Facility Association

International Cooperative and Mutual Insurance Federation

Finance Montréal

Financière agricole du Québec – Développement international

Fondaction

International Fund for Agricultural Development

Global Impact Investing Network

Global Risk Institute

General Insurance Statistical Agency

Groupement des assureurs automobiles

Health Claims for Auto Insurance

Finance and Sustainability Initiative

Institut d'assurance de dommages du Québec

Investment Funds Institute of Canada

Montreal Institute of Structured Finance and Derivatives

Institute for Catastrophic Loss Reduction

Investissement Québec

Institutional Shareholder Services

Mouvement d'éducation et de défense des actionnaires

Office de la protection du consommateur

Ombudsman for Banking Services and Investments

Ontario Chamber of Commerce

Investment Industry Regulatory Organization of Canada

Payments Canada

Proparco

Property and Casualty Insurance Compensation Corporation

Proxfin

Quebec International Economic Development Agency

Réseau PRI Québec (principles for responsible investment)



Réunion des organismes d'assurance mutuelle

Canada Mortgage and Housing Corporation

Canada Deposit Insurance Corporation

Deposit Insurance Corporation of Ontario

State Farm U.S.

Statistics Canada

National Association of Mutual Insurance Companies

Traffic Injury Research Foundation

UNI Financial Cooperation

Sustainable community development

Teens Against Drinking and Driving (New Brunswick)

Responsible Investment Association

Agence universitaire de la Francophonie

Alberta Severe Weather Management Society

Agence métropolitaine de transport

Arrive Alive

Canadian Education Association

Association québécoise de la production d'énergie renouvelable

Association québécoise des enseignantes et enseignants du primaire

Association québécoise pour la maîtrise de l'énergie

Canadian Mental Health Association

Consumer associations, such as family finance cooperative associations

Bourse Scol'ÈRE

CEFRIO

United Way/Centraide

International Reference Centre for the Life Cycle of Products, Processes and Services

Chaire d'actuariat (Université Laval)

Chaire de coopération Guy-Bernier (UQAM)

Chaire de leadership en enseignement et en développement régional et économique (Université Laval)

Chaire Desjardins en finance responsable (Université de Sherbrooke)

Chaire en développement des petites collectivités (UQAT)

Chaire en éco-conseil (UQAC)

Centre for Addiction and Mental Health

Centre for Interdisciplinary Research and Information on Community Enterprises

Board of Trade of Metropolitan Montreal

Chambre de commerce et d'industrie de Québec

Canadian Chamber of Commerce

Coalition pour la souveraineté alimentaire

Coalition des associations de consommateurs du Québec

Community Futures



Strategic Direction Committee, Agence universitaire de la Francophonie

Communauto

Concertation Montréal

Quebec Entrepreneurship Contest (Oser Entreprendre)

Canada Green Building Council

Quebec Employer's Council

Conseil patronal de l'environnement du Québec

Boreal Leadership Council

Conseil québécois des entreprises adaptées

Conseil régional de l'environnement de Montréal

Coop Carbone

Coopérative de développement régional du Québec

Canada Safety Council

Conseil des relations internationales de Montréal

Canadian Red Cross

Éco Entreprises Québec

Écotech Québec

Écohabitation

École de technologie supérieure

Équiterre

Espace québécois de concertation sur les pratiques d'approvisionnement responsable

Ethiquette

Fédération de l'âge d'or du Québec

Fédération des chambres de commerce du Québec

Fédération des commissions scolaires du Québec

Fédération québécoise des municipalités

Fédération des Villages-relais du Québec

Fondation Armand-Frappier (INRS)

Fondation québécoise en environnement

David Suzuki Foundation

Fondation de l'entrepreneurship

Montreal Canadiens Children's Foundation

Mental Illness Foundation

Fonds d'action québécois pour le développement durable

Groupe investissement responsable

Habitat for Humanity Canada

Institut québécois des hautes études internationales (Université Laval)

Institute for Governance of Private and Public Organizations

United Nations Environment Programme Finance Initiative

InnoCité MTL

Insertech



Institut de recherche et d'éducation pour les coopératives et les mutuelles (Université de Sherbrooke)

Institut international des coopératives Alphonse-et-Dorimène-Desjardins (HEC Montréal)

Institut québécois de planification financière

International Women's Forum

Je fais MTL

Kids Now Canada

La Ruche

MOBA (transportation division of Développement économique Saint-Laurent)

Mobili-T, le Centre de gestion des déplacements de Québec

Montreal Children's Hospital Foundation

Mouvement québécois de la qualité

NOVAE

Operation Red Nose

Parachute Canada

Place aux jeunes en région

Quartier de l'innovation

Climate Reality Project Canada

Recyc-Québec

Regroupement national des conseils régionaux de l'environnement

Réseau de transport de la Capitale

Réseau des carrefours jeunesse-emploi du Québec

Réseau intercollégial des activités socioculturelles

Réseau québécois du crédit communautaire

Smart Prosperity

Société de transport de Lévis

Société de transport de Montréal

Society for the Celebrations of Montréal's 375th Anniversary

Société des relations internationales de Québec

Solidarité rurale du Québec

Southlake Regional Hospital Foundation

Soutien-O-sinistrés

Students Against Drinking & Driving Alberta

SWITCH, l'Alliance pour une économie verte au Québec

Tablée des Chefs

Toronto Region Board of Trade

Union des producteurs agricoles

University of Ottawa

Université Laval

Université du Québec to Chicoutimi

Université du Québec to Rimouski



 Université du Québec en Abitibi-Témiscamingue

 Université du Québec en Outaouais

 Université du Québec to Trois-Rivières

 Ville de Lévis

 Ville de Montréal

 Ville de Québec

 Vivre en Ville

 Voyagez Futé

 YMCAs of Quebec

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES (4-17 TO 4-23)

G4-17 – Entities included

The main components included in the group scope of Desjardins Group were incorporated in Canada, and their principal place of business is also in Canada. The following table presents the nature of the operations of these components and the proportion of ownership interests held in each of them:

Component	Nature of operations	As at December 31, 2016 ⁽¹⁾	As at December 31 2015 ⁽¹⁾	As at December 31 2014 ⁽¹⁾
Caisse centrale Desjardins	Desjardins Group treasurer and financial agent on the Canadian and international markets	100%	98.1%	97.9%
Capital Desjardins inc.	Capital issuances on financial markets and financing for the Desjardins caisses	100%	100%	100%
Desjardins Financial Holding Inc.	Holding company	100%	100%	100%
Zag Bank	Financial institution	100%	100%	100%
Desjardins Financial Corporation Inc.	Holding company	100%	100%	100%
Desjardins Global Asset Management Inc.	Asset management	100%	100%	100%



Component	Nature of operations	As at December 31, 2016 ⁽¹⁾	As at December 31 2015 ⁽¹⁾	As at December 31 2014 ⁽¹⁾
Desjardins General Insurance Group Inc.	Property and casualty insurance	100%	100%	100%
Property and casualty insurance subsidiaries⁽²⁾	Property and casualty insurance	90%	90%	90%
Desjardins Financial Security Life Assurance Company	Life and health insurance and financial services	100%	100%	100%
Desjardins Investments Inc.⁽³⁾	Design, administration and distribution of insurance and savings products	100%	100%	100%
Western Financial Group	Insurance brokerage and financial services	100%	100%	100%
Western Life Assurance Company	Life and health insurance	100%	100%	100%
Western Financial Insurance Company	Property and casualty insurance	100%	100%	100%
Desjardins Trust Inc.	Custody and trust services	100%	100%	100%
Desjardins Technology Group Inc.	Development, maintenance and modernization of Desjardins Group technology	100%	100%	100%
Qtrade Canada Inc.	Online brokerage and wealth management services	77.2%	70.1%	61.1%
Desjardins Securities Inc.	Securities brokerage	100%	100%	100%

(1) Represents the proportion of voting rights held by Desjardins Group in these subsidiaries, with the exception of Qtrade Canada Inc. and Caisse centrale Desjardins, in which Desjardins Group holds 100% of the voting rights.

(2) Represents a group of six property and casualty insurance subsidiaries

(3) Desjardins Investments Inc. became a wholly-owned subsidiary of Desjardins Financial Security effective January 1, 2016.



G4-18 – PROCESS FOR DEFINING REPORT CONTENT

The Materiality Principle was used to determine the content of our social and cooperative responsibility report.

Specifically, we identified elements that are significant to a cooperative financial institution operating primarily in Canada and that address the concerns raised in our member consultations. The final choice of indicators was made based on the reliability and materiality of the available data. In all, we identified 49 general indicators, 26 performance indicators and 17 economic, social and environmental aspects.

As in our 2015 report, some of the GRI G4 indicators have been adapted to reflect our cooperative reality and membership structure, namely:

- G4-55 – Board attendance figures (Governance)
- G4-EC10 – Supplier assessment (Procurement Practices)
- G4-PR10 – Initiatives developed by the organization to raise employee awareness of data protection (Member and Client Privacy and Data Protection)

Moving forward, our materiality determination process will continue to be improved by further stakeholder consultation.

G4-19 – MATERIAL ASPECTS

The table below shows all 17 aspects covered in the 2016 Desjardins Group annual report:

Economic aspects		Social aspects		Environmental aspects	
1	Governance	9	Financial and Cooperative Education	16	Management of Greenhouse Gas Emissions
2	Ethics and Integrity	10	Local Communities	17	Residual Waste
3	Economic Performance	11	Labour/Management Relations		
4	Indirect Economic Impacts	12	Training and Education		
5	Product Responsibility	13	Diversity and Equal Opportunity		
6	Shareholder Engagement	14	Anti-corruption		
7	Procurement Practices	15	Member and Client Privacy and Data Protection		
8	Member and Client Experience				

G4-20 AND G4-21 – ASPECT BOUNDARY WITHIN/OUTSIDE THE ORGANIZATION

Aspect	Boundary of aspects covered in this report	
	Within Desjardins: Cooperative network and components directly involved in financial operations	Outside Desjardins: Members, clients, suppliers, business partners, governments, ⁽¹⁾ local communities, etc.
1. Governance	Included	Included: Members, clients, governments and local communities
2. Ethics and Integrity	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients, suppliers, business partners, governments and local communities
3. Economic Performance	Included	Included: Members, clients, suppliers, business partners, governments and local communities
4. Indirect Economic Impacts	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Local communities and governments
5. Product Responsibility	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients and business partners
6. Shareholder Engagement	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients, business partners and local communities
7. Procurement Practices	Included, with the exception of Western Financial Group Inc., QTrade Canada Inc. and Zag Bank ⁽²⁾	Included: Suppliers
8. Member and Client Experience	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members and clients
9. Financial and Cooperative Education	Included, with the exception of Western Financial Group Inc. and State Farm entities ⁽²⁾	Included: Members, clients and local communities
10. Local Communities	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients, governments and local communities
11. Labour/Management Relations	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Not included
12. Training and Education	Included, but internal data is only available for Quebec	Not included



Boundary of aspects covered in this report

Aspect	Within Desjardins: Cooperative network and components directly involved in financial operations	Outside Desjardins: Members, clients, suppliers, business partners, governments, ⁽¹⁾ local communities, etc.
13. Diversity and Equal Opportunity	Included, but internal data is only available for Quebec	Included: Members and governments
14. Anti-corruption	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients, suppliers, business partners, governments and local communities
15. Member and Client Privacy and Data Protection	Included, with the exception of Western Financial Group Inc. ⁽²⁾	Included: Members, clients, business partners, governments and suppliers
16. Management of Greenhouse Gas Emissions	Included, with the exception of QTrade Canada Inc. and Zag Bank	Included: Governments
17. Residual Waste	Included, but internal data is only available for Quebec, excluding the caisse network and any buildings rented by Desjardins	Included: Governments

¹ The term government refers to the three levels: federal, provincial and municipal.

² System incompatibility made it impossible to include Western Financial Group's data in these aspects.

G4-22 – RESTATEMENTS OF INFORMATION

A restatement of the data published in the 2015 Social and Cooperative Responsibility Report was required for indicators EN15 to EN19, greenhouse gas (GHG) emissions in metric tons of carbon dioxide (CO₂) equivalent, because incorrect data was provided by one of our printing suppliers. The data published in this year's report reflects the changes made to the 2015 data.

The data published in 2015 for indicator G4-EN23, residual waste (in metric tons), had to be removed. The City of Lévis changed its residual waste collection method for the Desjardins Campus (from twice a week to once a week), which significantly reduced the estimates for this site and, consequently, the overall estimates.

Where minor restatements were necessary, it has been indicated in the text.



G4-23 – SIGNIFICANT CHANGES IN THE SCOPE AND ASPECT BOUNDARIES

This report reflects Desjardins Group's commitment to complying with the strictest social responsibility communication standards, namely GRI G4 methodology and integrated reporting. Changes made in 2016 are compliant with GRI G4 requirements as well as the internal audit report. Minor changes in scope that have been made to certain elements are specified in the corresponding text.

STAKEHOLDER ENGAGEMENT (4-24 TO 4-27)

G4-24 – LIST OF STAKEHOLDERS

G4-25 – SELECTION CRITERIA

G4-26 – APPROACH

Because 2016 was an election year, the timing wasn't right for a consultation. A consultation with internal and external stakeholders is underway for the 2017 report.

G4-27 – KEY TOPICS AND CONCERNS

As no consultations were held, the key reporting topics are the same as in 2015.

REPORT PROFILE (4-28 TO 4-33)

G4-28 – REPORTING PERIOD

This annual report covers the period from January 1 to December 31, 2016.

G4-29 – DATE OF PREVIOUS REPORT

The previous report was published in April 2016 and covered operations for the 2015 calendar year.

G4-30 – REPORTING CYCLE

Since publishing our *2004 Social and Cooperative Responsibility Report*, we have been disclosing our social and cooperative responsibility performance every year.

See the full list of our past reports: <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/reports/index.jsp>.



G4-31 – CONTACT POINT

- For any questions about this report, contact the social responsibility team by email at rse_coop@desjardins.com.
- For more information about social and cooperative responsibility at Desjardins, visit the Social Responsibility and Cooperation page on our website. <https://www.desjardins.com/ca/about-us/social-responsibility-cooperation/>

G4-32 – "IN ACCORDANCE" OPTION

Desjardins Group affirms that this report was produced in accordance with the Core option of the Global Reporting Initiative G4 Guidelines.

G4-33 – EXTERNAL ASSURANCE

Although this report has not been audited externally, all disclosed data has been validated internally by senior management. Our 2013 and 2014 reports also underwent an internal audit, and corrections were incorporated in subsequent reports.

GOVERNANCE (4-34 TO 4-55)

G4-34 – GOVERNANCE STRUCTURE

The purpose of Desjardins Group's corporate governance practices is to enable us to carry out our mission, which is to contribute to improving the economic and social well-being of people and communities. The Fédération des caisses Desjardins du Québec (the Federation) oversees the development and application of a Desjardins-wide governance program that takes into account its cooperative nature, its social responsibility objectives, the complexity of its activities, and Autorité des marchés financiers (AMF) guidelines. This program covers the activities of the Federation, Caisse centrale Desjardins, the Fonds de sécurité Desjardins, the Fédération des caisses populaires de l'Ontario Inc., Desjardins's subsidiaries and the caisses. As certain components are subject to specific regulations, the program largely complies with rules established by the Canadian Securities Administrators and the Office of the Superintendent of Financial Institutions, as well as industry best practices.

The information required for indicators G4-35, G4-36, G4-38 to G4-47 and G4-51 to G4-53 is included in Desjardins Group's corporate governance disclosure (available on [SEDAR](#)).

G4-37 – CONSULTATION ON ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

This item is described in indicators [G4-24 through G4-27](#).

The Desjardins Group Management Committee read a full report on the results of our member consultation.

G4-48 – REPORT APPROVAL

Upon the recommendation of the Cooperation and Network Liaison Commission, the Board of Directors approves the cooperative and social responsibility section of the annual report.



G4-54 – COMPENSATION RATIO

Ratio of the annual total compensation of the president and CEO to the average annual total compensation for all permanent, full-time Desjardins Group employees

The compensation ratio is calculated by the Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group every year. The 2016 ratio is 28 times⁽¹⁾ the average compensation of permanent full-time employees.

⁽¹⁾ The ratio is calculated using the annualized total compensation earned as president and CEO of Desjardins Group because the president began his mandate during the year.

G4-55 – BOARD ATTENDANCE FIGURES

In 2016, the attendance rate for meetings of the Federation's Board of Directors was 96.6%.

ETHICS AND INTEGRITY (4-56 TO 4-58)

G4-56 – ORGANIZATIONAL VALUES, PRINCIPLES STANDARDS AND NORMS OF BEHAVIOUR

CULTURE OF INTEGRITY

The Board of Directors is responsible for promoting the values of Desjardins Group—money at the service of human development, democratic action, personal commitment, integrity and rigour in the cooperative enterprise, solidarity with the community, and intercooperation—with a view to earning the trust of the public and of members and clients in their financial services cooperative. The Board is also responsible for enforcing Desjardins Group's rules of professional conduct. Desjardins Group's *Code of Professional Conduct* (the Code), which is available to the public on Desjardins.com, applies to all Desjardins Group entities. It includes two sections: the first covers Desjardins Group's ethics, mission and values, and the second outlines all the rules of professional conduct. In addition, online training on professional conduct is provided for all Desjardins employees and officers. All employees must sign an acknowledgement every year that they have read the Code.

G4-57 – MECHANISMS FOR SEEKING ADVICE

The Board of Ethics and Professional Conduct adopts rules of professional conduct for the officers of Desjardins, including those of its subsidiaries, and for the employees of the Federation and the caisses. These rules must be ratified by the Board of Directors before they come into effect. Furthermore, the Board of Ethics and Professional Conduct works collaboratively with the subsidiaries, but has no authority over them.

Within the caisse network, the Board of Supervision of each caisse oversees the operations of the caisse in terms of ethics, professional conduct and cooperation. It issues opinions and makes recommendations to the Board of Directors. It also:

- Ensures that the values, principles and rules of the *Code of Professional Conduct* are promoted, and handles professional conduct issues that fall under its purview
- Identifies and analyzes situations that raise ethical issues for the caisse, particularly those relating to Desjardins's mission and values

The Federation also offers advisory services for all of Desjardins Group.



G4-58 – REPORTING MECHANISMS

The Federation has a Board of Ethics and Professional Conduct whose members are all independent of Desjardins Group management and the Board of Directors. For Desjardins caisses, responsibility for ethics and professional conduct rests with the Board of Supervision in Quebec, and with an Audit Committee comprising caisse officers in Ontario. Desjardins Group also has a policy for reporting actions that violate laws and regulations or the *Code of Professional Conduct*. The policy features a confidential reporting mechanism to preserve the anonymity of individuals who use it.

The Federation oversees the financial reporting process and the disclosure of any material changes that may affect the financial position of Desjardins Group. It also uses various channels to ensure effective communication with its many stakeholders.

These mechanisms include:

- The Ombudsman
- The Desjardins Group ethics and professional conduct support team
- The caisse complaint handling procedure

Other mechanisms within Desjardins Group:

- Annual general meetings
- Disclosure of quarterly financial results
- Desjardins publications (including annual reports)
- Toll-free telephone numbers
- Intranet portals (including one designed especially for caisse officers)

