

DESJARDINS GROUP CODE OF ETHICS AND PROFESSIONAL CONDUCT



Desjardins

Cooperating in building the future

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The masculine gender is used for the purpose of readability.

In the event of inconsistencies between the French and English versions of this text, the French version will prevail in meaning and content.

INTRODUCTION

Desjardins Group (hereinafter called the “Group”) is an integrated financial cooperative group made up of a vast network of caisses, shared services units, support and control organizations, holding companies, subsidiaries and connected partnerships. As such, the Group has a duty to uphold its reputation for integrity as an entity in which members, clients, business partners, the community and the government have placed their trust.

In addition to complying with its legal, regulatory, contractual and other obligations, the Group, its officers and its employees must also adhere to strict and rigorous standards which are designed to further protect the interests of its members, clients and components, and ensure that its decisions and actions reflect the following values:

A) The values of the International Co-operative Alliance:

- Self-help, self-responsibility and responsibility for others;
- Democracy;
- Equality;
- Equity;
- Solidarity;
- Ethical values of honesty, openness, social responsibility and caring for others.

B) The permanent values of the Group as a whole:

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

The purpose of this Code is to help officers and employees make appropriate choices and decisions. Officers and employees are individually responsible for using the values, principles and rules outlined in this document to guide their conduct at work and choose appropriate courses of action.

Officers, employees and components of the Group are required to follow the rules outlined in this Code. Group components must also ensure that these rules are followed and take appropriate measures in the event of violations. When violations occur, the boards or committees of ethics and professional conduct, and any other designated authority on ethics and professional conduct are responsible for assessing situations that are brought to their attention in light of ethical or professional conduct values, principles and rules.

This Code complements all the other obligations and rules of ethics and professional conduct an individual may be required to follow within the scope of his professional activities.

CHAPTER I

PRINCIPLES

These principles, which are based on cooperative values and the core values of the Group, are the cornerstone of these rules of ethics and professional conduct. These values and principles are meant to guide the officers, employees and components of the Group in their decisions and conduct, particularly in situations not covered by the rules.

1. Respect for Persons

The Group recognizes that every individual is a fundamentally worthy, free and responsible human being.

This principle is intended to ensure that officers, employees and components of the Group:

- a) avoid all forms of harassment and discrimination;
- b) treat each person with respect and courtesy;
- c) strictly adhere to the principles of confidentiality and discretion;
- d) meet the needs of people in the most effective way;
- e) provide people with accurate, useful and understandable information so they can make informed decisions.

2. Respect for the Common Good

In line with its mission of contributing to the economic and social well-being of people and communities, the Group believes that public interests take priority over private interests.

This principle is intended to ensure that officers, employees and components of the Group:

- a) behave with honesty, integrity and transparency;
- b) respect current legal structures;
- c) place the needs of members and clients ahead of their own;
- d) promote freedom of judgment and opinion in all decision-making;
- e) safeguard the independence of each component of the Group with regard to political, religious and other affiliations.

3. Respect for the Organization

Desjardins Group and its various components are the end-product of a popular movement driven by the values of democracy and cooperation. Desjardins Group has earned an excellent reputation over this long evolutionary process, which must be protected to ensure its continuity. This principle is intended to ensure that officers, employees and components of the Group:

- a) do not commit any act that may be prejudicial to the Group;
- b) always remain loyal to the Group;
- c) respect and support all objectives and decisions established through a democratic process;
- d) protect the confidential nature of the Group's objectives, plans, projects and decisions;
- e) contribute to the development, efficiency and financial strength of the Group.

CHAPTER II

RULES

These rules apply to duties and obligations, and outline appropriate conduct to use in specific situations. In applying these rules, the values and principles upon which they are founded must be taken into account. The following rules apply to the officers, employees and components of the Group.

1. Definitions

Unless otherwise indicated by the context, the terms below are defined and apply as follows:

- 1.1 “Activity” refers to an action carried out within the scope of the mission of a particular component or the duties of an officer or employee.
- 1.2 “Associate” refers to the spouse of an officer or employee, the minor child of this officer, employee or spouse, a legal entity or partnership that is controlled, either independently or collectively by the officer or employee, his spouse or minor child or the minor child of his spouse. “Minor child of his spouse” refers to the child living with the officer or employee.
- 1.3 “Code” refers to the Desjardins Group Code of Ethics and Professional Conduct, including all the values, principles and rules that apply to officers, employees and components of the Group.
- 1.4 “Component” refers to any entity that is part of the Group, namely the Desjardins caisses, caisses populaires that are members of the Fédération des caisses populaires de l’Ontario Inc., shared services units (e.g. business centre, administrative centre), the Fédération des caisses Desjardins du Québec, Caisse centrale Desjardins, the Fédération des caisses populaires de l’Ontario Inc., the Fonds de sécurité Desjardins, Développement international Desjardins, the Fondation Desjardins, the Société historique Alphonse-Desjardins,

the Desjardins Group Pension Plan, Desjardins Credit Union Inc., the holding companies and subsidiaries. In Québec, “subsidiary” refers to any legal entity or partnership under Section 472 of the *Act respecting financial services cooperatives* and, in Ontario, to any body corporate referred to under Section 3 of the *Credit Unions and Caisses Populaires Act, 1994*.

- 1.5 “Confidential Information” refers to any information, whether written, in electronic or other form, of whatever nature concerning a member, client, component or business partner; it is also any information that an officer or employee is formally required to keep secret and any information that is transmitted to an officer or employee, or to which he becomes exposed in circumstances that suggest it should be kept confidential.
- 1.6 “Conflict of Interest Situation” refers to a situation that causes (actual), could cause (potential) or appears to cause (apparent) an officer or employee, who are required to act in the best interest of a component, to fail in this obligation and to act in his own interest instead of the best interest of another person, including an associate.
- 1.7 “Employee” refers to any person who works part time, full time or on an occasional basis for a component of the Group.
- 1.8 “Group” refers to Desjardins Group.
- 1.9 “Officer” refers to a member of the Board of Directors, a commission or a committee of a component of the Group or any other person appointed as an officer by virtue of the laws and regulations governing a component; in the case of a Desjardins caisse, it also refers to a member of the Board of Supervision, the general manager and the assistant secretary; in the case of the Fédération des caisses Desjardins du Québec and Caisse centrale Desjardins, it also refers to a member of the Board of Ethics and Professional Conduct and the President and Chief Operating Officer.
- 1.10 “Person” refers to any private individual or legal entity, including a partnership, association or other entity.

1.11 “Spouse” refers to:

In Québec:

- a) a person who is living with the person to whom he is joined by marriage or civil union;
- b) a person who is living with another person of the same or opposite sex in a conjugal relationship and has been living with that person for at least one year.

In Ontario:

- a) either of two persons who are married to each other; or
- b) either of two persons who are not married to each other and who have cohabited, as the case may be, continuously for a period of not less than three years or in a relationship of some permanence, if they are the natural or adoptive parents of a child.

2. Legal Obligations

In the course of their duties, officers and employees must always and in all circumstances act with prudence, diligence, honesty and loyalty. They must follow the laws and regulations in effect in the jurisdictions where they or the Group carry on activities. They must not be involved directly or indirectly in illegal transactions or unacceptable practices. Any officer or employee who is a member of a professional order must follow the spirit and the letter of his order in addition to the Code.

3. Conflict of Interest

All officers and employees must avoid placing themselves in a situation of conflict of interest.

As soon as an officer or an employee determines that he is in a situation of conflict of interest (real), he must disclose it in full detail, abstain from voting or making any decision on any issue concerning said situation and avoid influencing any related vote or decision. He must also withdraw from any meeting for the duration of the discussion and decision-making concerning said situation. If applicable, he may transmit information regarding the situation prior to the discussion. The disclosure of the conflict of interest and the withdrawal of the officer from the meeting must be mentioned in the minutes.

As soon as an officer or an employee feels that he could be in a situation of conflict of interest (potential) or may be perceived as being in a situation of conflict of interest (apparent), he must disclose it in full detail. Depending on the particular component's rules regarding conflicts of interest, the decision-making body on which the officer sits, or the employee's immediate superior, shall agree upon the position to be adopted, such as:

- asking the officer or employee to abstain from discussion and decision-making;
- imposing limitations on his interventions, participation in discussion and decision-making;
- requesting advice from the body responsible for ethics and professional conduct;
- concluding that no action is necessary.

The disclosure of the conflict of interest, the decision made in consequence and the justification for the decision must be mentioned in the minutes of the meeting, in the meeting report or in writing in the employee's file, as applicable.

4. Gifts and gratuities

a) Monetary gifts

As part of his duties, an officer or employee must never accept or solicit gifts in the form of cash, cheque or marketable securities, for himself, an associate or a third party.

b) Other gifts and gratuities

Modest gifts and gratuities such as hospitality, tickets for sporting events or performing arts or other benefits can be accepted by an officer or employee if these are offered in a spirit of professional courtesy and sound business relations. The officer or employee must make sure that the gift or gratuity does not impair his objectivity or his judgment. The officer or employee should consult the designated authority on ethics and professional conduct when in doubt as a situation occurs.

5. Contracts

A component may enter into a contract for the supply of goods or services with an officer, an employee or an associate of an officer or employee if it is allowed under the legal, regulatory or prescriptive conditions governing the component, and strictly under the terms of these conditions. The contract must offer the component favourable, or at least competitive, terms and conditions and be awarded impartially and without favouritism.

6. Incompatible Duties

An officer or employee may not perform an activity or hold a position or a job with a competitor if doing so places him in a position that may prejudice the interests of the Group or a component of the Group. “Competitor” refers to any person other than a component that manufactures, offers or distributes products or services to the same clientele in competition with the financial or other activities of the Group.

It is the responsibility of the board of directors of the component, on the advice of the designated authority on ethics and professional conduct, to assess the level of competition and the risk of prejudice that situations involving officers represent. For situations regarding employees, the assessment is made by the designated authority itself or by a person named by the component.

7. External Activities

All officers and employees must ensure that the activities they perform outside the scope of their duties or job do not prejudice the interests, image or reputation of the Group or a component of the Group.

8. Personal Opinions

When expressing opinions, an officer or employee must never give the impression that he is expressing the official position of the Group or a component of the Group, without receiving prior authorization to do so.

9. Confidentiality

An officer or employee may only access the confidential information he needs to carry out his duties and only as much as is required by his duties.

An officer or employee must never disclose confidential information unless duly authorized to do so, for instance with the express written consent of a member or client, or when required by law.

An officer or employee must never use confidential information for his own benefit or that of another person.

The obligations mentioned in this document continue to apply even after the officer or employee has completed his duties or his employment has terminated.

10. Data Protection

Officers and employees must safeguard access to confidential information and the confidential nature of the business, systems, programs, working methods and projects of the component or any other component. Officers and employees must also comply with copyright laws and not plagiarize or compile documents, in whole or in part, in any form whatsoever.

11. Consultants and Suppliers

When a component of the Group requires the services of a consultant or a supplier, the component must provide him with a copy of the rules of ethics and professional conduct that apply in each case, particularly those that apply to confidentiality and data protection, and ensure that these rules are followed. If these rules are not communicated to the consultant or supplier, the component must obtain the equivalent contractual protection if it determines that a written commitment from the consultant or supplier is necessary according to the nature of the contract and the risk.

12. Reporting

Any officer or employee who has knowledge of a fact that, in his opinion, may constitute a violation of the Code is required to report it to the authority designated by the component, who will take the necessary steps to protect the identity of the person reporting the fact. No sanctions will be taken against an officer or employee who has reported a fact in good faith.

13. Terms and Conditions

13.1 Commitment

Each component must take the necessary measures to notify officers and employees, upon their arrival or hiring, as applicable, and to again remind them each year, that they must uphold the rules of ethics and professional conduct and allow their actions and decisions to be guided by the principles and values of the Code.

13.2 Supervision

The board of directors of the component is responsible for enforcing the Code. The component's board or committee of ethics and professional conduct, or other designated authority on ethics and professional conduct, is responsible for ensuring that it is followed.

The component must make the Code available to officers and employees inform them of any changes as soon as possible and hold regular awareness and training sessions.

13.3 Consultation

Any officer, employee or component who faces an ethical dilemma or has a question regarding the interpretation or application of the Code may consult the authority designated by the component.

13.4 Violations of the Code

Any violation of the Code must be handled promptly by the component's board or committee of ethics and professional conduct or other designated authority on ethics and professional conduct.

Anyone who violates the Code, or interferes in any way with the duties of the designated authority on ethics and professional conduct will be subject to sanctions or disciplinary measures, depending on the seriousness of the situation and the resulting consequences.

13.5 Effective date

The effective date of this Code is May 1, 2004.

14. Electoral Process

Officers, members who run as candidates in an election, members who support such a candidate or employees must comply with the provisions of the laws, rules or decisions that apply to this election. They must notably:

- a) conduct themselves in a manner that is free from undue influence and favouritism and that refrains from damaging the reputation of others;
- b) avoid partisan stands, if they are an employee, during any and all elections within a component.

When the component provides the candidates with the means to gain recognition, it must make sure that all candidates have an equal opportunity to benefit from them.

15. Securities Transactions

An officer or an employee may not directly or indirectly perform personal stock or security transactions on the strength of information acquired strictly by virtue of their office, nor disclose this information to third parties unless required to do so by law or by their office.

If, at the request of a component, an officer or an employee acts as an officer or administrator of a corporate entity making a public offering, he must comply with the insider trading legislation respecting the declarations and transactions applicable to that corporate entity's securities transactions.

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