

DYNAMIC AND DISCIPLINED COOPERATIVE GOVERNANCE

Desjardins Group, the leading cooperative financial group in Canada and the sixth largest in the world, stands out from the banks through its cooperative governance, which promotes the democratic participation of members and their representatives in establishing the organization's major orientations. It also stands out for upholding high standards of social responsibility, as evidenced by its initiatives to improve the economic, social and environmental well-being of individuals and communities. In 2010, it won the social responsibility category of the *Prix québécois de l'entreprise citoyenne* (Québec corporate citizenship awards) organized by Korn/Ferry, National Public Relations and *L'Actualité* magazine. Desjardins also moved up from 24th to 7th place among the Best Corporate Citizens in Canada, according to *Corporate Knights* magazine.

The year 2010 was marked by the adoption of Desjardins Group's 2010–2012 Strategic Plan and 2010–2012 Financial Plan, which are founded on the orientations chosen by the 1,500 caisse delegates who came together at the Congress of Elected Officers in late 2009. This year was also notable for the rollout of a new performance model that incorporates the targets that will lead the organization to achieve its ambitions in the following categories:

- Cooperation and involvement
- Member/client experience
- Leadership and mobilization of human capital
- Growth and innovation
- Productivity and profitability
- Financial stability and risk management

Desjardins Group's governance has been enriched over the years by the contribution of thousands of elected officers past and present, all committed to ensuring the long-term continuity of the cooperative model, and by the leadership of its current officers, who are focused on developing sustainable prosperity for all the communities Desjardins serves.

Highlights

Committed to fulfilling its new Strategic Plan, Desjardins completed numerous projects in 2010 with a view to strengthening its governance. Guided by its strong values, particularly integrity and rigour, it mobilized each of its components to meet the requirements of government authorities and the expectations of its stakeholders, as well as to achieve its strategic ambitions:

- To complete the strategic reflection process that began in fall 2008, for which the 20th Congress (fall 2009) was a pivotal event, and led to the Board of Directors' adoption of the Strategic Plan. The Strategic Plan defines Desjardins Group's vision of the future, its major Desjardins-wide orientations, related strategies and targets for 2012.
- To examine and implement the recommendations of a committee mandated to propose measures for consistency and greater efficiency in the governance of Desjardins Group and its subsidiaries following the 2009 reorganization of the subsidiaries into Business Sectors, all while continuing to meet the applicable regulatory requirements. The members of the boards of directors of the subsidiaries were consulted and have met several times to ensure cohesiveness.
- To roll out various deliverables in the IFRS changeover and new Basel II regulatory framework projects, which endeavour to ensure that all Desjardins components comply with the new international financial standards and capitalization requirements. Among these deliverables is Desjardins Group's integrated capital management framework, which led the Board of Directors to take a position on risk tolerance thresholds. Also, in 2010, amendments were made to the *Act respecting financial services cooperatives* to maintain Desjardins Group's competitive strength in business development, capitalization and certain aspects of its governance.
- To initiate work on the officer component of the major Collaboration, Participation and Connection with the Caisse Network project, which will lead to the in-depth study of 12 topics that touch on multiple aspects of Desjardins Group's governance. These aspects include the role of the Fédération des caisses Desjardins du Québec's (FCDQ) democratic bodies, caisse representation in these bodies, caisse participation in electing the President of Desjardins and the sharing of the functions of Chair of the Board and Chief Executive Officer, the role and profile of caisse officers, their skills development and engagement, improving collaboration methods and electronic democracy.
- To develop the caisses' vision and the governance of caisse centres (operations) through the caisse network component of the Optimization of Desjardins Group's Performance project. The governance of caisses and their centres (role of elected officers) is part of the work involved in the Collaboration, Participation and Connection with the Caisse Network project, and will be helmed by the Corporate Governance Commission in 2011, which will submit its recommendations to the Board of Directors.
- To roll out the productivity component of the Optimization of Desjardins Group's Performance project, which will lead to a new approach to performance dialogue between local, regional, group caisse and Desjardins-wide players.
- To hold the Rendez-vous Meeting of Caisse Presidents and General Managers and the Rendez-vous Meeting of Board of Supervision (Québec) and Audit Committee (Ontario) Chairs from all 450 Desjardins caisses, with a view to bringing the network and its officers up to speed on Desjardins Group's major performance management issues.
- To adopt policies to reinforce financial and risk management frameworks. The Board revised the standard on integrated risk management to strengthen and clarify risk governance in caisses and their centres. This standard provides a comprehensive, integrated and simplified risk management framework for the caisse network. A fraud management program was implemented and the tools for reporting violations of Desjardins Group's regulatory frameworks were reviewed.
- To develop and implement an extranet portal on a secure platform for all elected officers to meet the need for heightened communication to support more effective caisse and Desjardins-wide governance.
- To hold a meeting of the Desjardins Group Board of Directors to discuss increasing the efficiency and effectiveness of the Board and its commissions and committees, which have resulted from the application of various measures.

The FCDQ's governance policy

The FCDQ has an evolving governance policy that respects the guidelines of the Investment Industry Regulatory Organization of Canada (IIROC) and, in Québec, the *Autorité des marchés financiers* (AMF). The content of its policy is adapted to the cooperative nature of Desjardins. Caisse centrale Desjardins, the subsidiaries and the caisses have each adopted their own version of the policy that takes their specific characteristics into account.

The most fundamental adaptation pertains to the very purpose of Desjardins governance, which is first and foremost to fulfil its mission to contribute to improving the economic and social well-being of people and communities. Guided by long-term objectives, its governance is focused on creating economic value for its members and their communities, who therefore benefit from the following:

- A competitive, comprehensive, integrated and accessible service offer
- Member dividends and contributions to the community
- Active contributions to local and regional development to promote sustainable development

Application of corporate governance guidelines

MANDATE OF THE BOARD OF DIRECTORS

1. Administration of the FCDQ

The Board of Directors assumes explicit responsibility for the sound and prudent administration of the FCDQ. It ensures that the procedures and structures required for it to play its full part within the organization are in place. It regularly reviews its operations with a view to continuous improvement and safeguards the assets of Desjardins Group, its 5.8 million members and its clients.

The Board fulfils a dual role since its responsibilities apply both to the FCDQ as a business and to Desjardins Group as a cooperative financial group. The FCDQ is the organization that guides, plans, coordinates, monitors and supervises all Desjardins Group operations. Its organizational structure, grouped according to Business Sectors and Desjardins Group Functions, strengthens its ability to deliver on that role by bringing the FCDQ and the subsidiaries closer to the caisses and their members. Its primary aim is to optimize overall performance, simplify the organization and strengthen financial and risk management.

In accordance with the *Act respecting financial services cooperatives*, the Board exercises all the powers of the FCDQ, except for those which it may delegate from time to time to its commissions and committees. The Board's responsibilities include the following:

a. Culture of integrity

The Board of Directors is responsible for preserving the cooperative nature of Desjardins, which is defined by the cooperative principles and values established by the International Co-operative Alliance, and to promote its organizational values: money at the service of human development, democratic action, personal commitment, integrity and rigour, and solidarity with the community. The Board is also responsible for enforcing the *Desjardins Group Code of Ethics and Professional Conduct* among management, employees and elected officers.

The FCDQ has a Board of Ethics and Professional Conduct that, like the Board of Directors, reports to the FCDQ's General Meeting. This is also true for the Desjardins caisses, in which the body responsible for ethics and professional conduct is called the "Board of Supervision" in Québec and the "Audit Committee" in Ontario. The Board of Ethics and Professional Conduct is responsible for updating the Code and, as needed, issuing advice with regard to ethical and professional conduct. There is a support structure in place to enable the Board to carry out awareness and training activities and to provide an advisory service, thereby giving concrete form to Desjardins Group's efforts to ensure compliance with the Code, which imposes penalties for violations. Desjardins also has a confidential mechanism for reporting violations of the Code and other regulatory frameworks.

The *Desjardins Group Code of Ethics and Professional Conduct* is available to the public via its Web site, *Desjardins.com*, and the FCDQ's intranet portals. All individuals who are active within Desjardins are asked to demonstrate ethical values and behaviour based on the principles of honesty, transparency, social responsibility and altruism.

b. Strategic and financial planning process

The Board of Directors has a continuous strategic and financial planning process for Desjardins Group that includes a capitalization plan and a financial plan. The Board is supported by the Desjardins Group Management Committee, which helps the Board ensure that the strategic and financial orientations and plans of the caisses and the Business Sectors are factored into those plans, and that business development strategies are consistent throughout the organization, all while being mindful of the risk involved. The main points of this strategic plan are communicated to elected officers, management and employees so that there is a shared understanding. Periodic reporting enables the Board of Directors to monitor the implementation of the plan.

Given the scope of the changes desired by the Board of Directors, the 2010–2012 strategic planning exercise called upon the contribution of both the caisses and the democratic bodies within the FCDQ. The cooperative network's business plan (known as PARC)⁽¹⁾ is developed based on the Strategic Plan and the Financial Plan. Responsibility for implementing these plans rests with the Desjardins Group Management Committee. The Board of Directors' role in this respect is one of follow-up, supervision and control. It also ensures that the information necessary to correct any discrepancies is obtained.

The respective boards of directors of Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust each adopt a three-year strategic and financial plan that is updated annually.

c. Identification and management of main risks

The Board is responsible for identifying the main risks for the FCDQ and Desjardins Group, setting the risk tolerance thresholds and ensuring that management puts the required systems in place for the integrated management of these risks. The FCDQ is supported in these efforts by Desjardins Group's Risk Management Executive Division. The FCDQ Board of Directors, backed by the Risk Management Commission, works in concert with the Audit and Inspection Commission, which is responsible for risks related to the financial disclosure process. The same applies to Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust. The Desjardins Group Management Committee also supports the Board of Directors in carrying out this responsibility; the Board annually reports on the overall risk situation for Desjardins as a whole. The Risk Management Commission has closed-door sessions without the presence of management. The Board can also count on the support of the Integrated Risk Management Committee, which brings together everyone responsible for risk management at the FCDQ and in the Business Sectors.

(1) PARC is a one-year business plan that consolidates the business plans of the 450 caisses and the FCDQ and integrates the subsidiaries' contribution into the service offer for caisse member-owners. The process for establishing the plan is reviewed periodically to meet caisse expectations.

d. Succession planning

The Board of Directors oversees the development of the succession planning program and is supported in this task by the Human Resources Commission (HRC) and Desjardins Group's People and Culture Executive Division. The HRC oversees the program and reports to the Board of Directors, making recommendations, if need be. The program is a means to monitor the pool of individuals identified as being possible candidates for management positions and to effectively meet particular succession needs.

One of the hallmarks of the Desjardins cooperative difference is that the Chair of the Board and Chief Executive Officer is chosen by a 255-person electoral college made up of representatives from Québec and Ontario⁽²⁾ caisses and the current President and Chief Executive Officer of Desjardins Group. Although it does not appoint the incumbent, the Board of Directors makes sure the succession is properly planned, in particular by determining the main parameters for the mandate of the President of Desjardins Group, who serves a four-year term. The electoral process is governed by an FCDQ by-law and the *Code of Ethics and Professional Conduct*, and is overseen by an election committee made up of elected officers, independent from the Board of Directors, who are responsible for establishing the rules of conduct and the electoral process, among other things. The entire electoral process, including the general rules and code of conduct for candidates and members of the electoral college, is the responsibility of the election committee for the position of Desjardins Group President.

e. Integrity of the internal control and management reporting systems

The Board of Directors, seconded by its Audit and Inspection Commission, ensures the implementation of effective control systems (accounting, administrative and management) to safeguard the integrity of its operations and obtain the required reporting information from management. The Board is supported in this responsibility by the Chief Monitoring Officer of Desjardins Group, whose annual plan is approved by the Audit and Inspection Commission. Desjardins Group applies a rigorous financial governance process in order to properly support the Chief Financial Officer of Desjardins Group who, together with Desjardins Group's Chief Executive Officer, is responsible for certifying the Consolidated and Combined Financial Statements of Desjardins Group. Work which began in 2009 to further develop financial governance and internal controls in the caisse network continued in 2010. Major progress was made toward updating and rolling out an effective and efficient caisse network internal controls system designed to meet the particular needs of the caisse network, while also ensuring compliance with regulatory authorities' requirements. This system should also provide decision-making bodies with a reasonable assurance that they are upholding the business objectives of Desjardins Group and the caisse network.

The Board also ensures that the Desjardins Group Management Committee provides the Board and its commissions and committees with information that is reliable, timely and adapted to the particular needs of its directors so that they may take advantage of business opportunities and measure the risks involved. Board members are invited to assess the quality of the documents supporting the decision-making process.

To effectively monitor primary performance indicators, management has access to management information; this benefits the Board, as it allows directors to quickly obtain strategic information pertinent to the decision-making process. Improvements are made to management information systems on an ongoing basis.

Board members receive financial and operating reports at least quarterly to enable them to assess Desjardins Group's situation and the status of the FCDQ's projects. The Board ensures that appropriate policies and procedures are in place to facilitate the production and presentation of this information. This last point is a recurring issue that is often discussed during Board meetings.

To effectively carry out its duties, the Board meets regularly, according to a predetermined schedule. Board members receive the meeting agenda in advance, along with any relevant documentation, to ensure productive discussions and to facilitate the decision-making process.

Technology is available to enable directors to electronically access meeting-related documentation and the management frameworks for Desjardins activities.

f. Strategic communications orientations

The Board of Directors adopts strategic communications orientations aligned with the Communications 2010–2012 master plan by setting the actions to be taken and the results to be measured. The FCDQ also draws up internal and external communications policies in order to better manage its relations with the caisses and their members; the Business Sectors and their clients; its employees; socio-economic, community and non-government organizations; opinion makers; the public; the media; rating agencies and the government.

The FCDQ oversees the disclosure of financial information and of major changes that can affect Desjardins Group's financial position. It uses various channels to communicate effectively with its many stakeholders. These channels include the Communications Corporate Division, the Ombudsman, the Cooperative Support Division and Secretariat General's ethics and professional conduct support team, the complaint handling process in the caisses (*Your satisfaction is my priority*) and, within Desjardins Group, the annual general meetings, the release of Desjardins Group's quarterly financial results, Desjardins publications (including its annual report; its Social and Cooperative Responsibility Report; the *Desjardins*, *Desjardins and Me*, *Espace D*, *Entreprises* and *Partenaires* magazines; and employee newsletters), a toll-free telephone number, an intranet site, a Web site (which includes a "Member Relations" section), the FCDQ Member Services Committee and the mechanism for reporting actions that violate the *Code of Ethics and Professional Conduct* and the regulatory frameworks.

In addition, the FCDQ handles relations with international rating and scoring agencies and coordinates Desjardins Group's relationship with each level of government, in compliance with lobbying legislation.

(2) Members of the councils of representatives.

2. Composition of the Board of Directors

The FCDQ's Board of Directors consists of 22 members, the majority of whom are unrelated parties, as defined in Paragraph 3.

The two vice-presidents of the Outaouais, Abitibi-Témiscamingue and Nord du Québec and the Bas-Saint-Laurent and Gaspésie-Îles-de-la-Madeleine Councils of Representatives also serve on the Board of Directors as managing directors.

3. Applying the definition of unrelated party

The Board of Directors includes five related officers: the Chair of the Board and Chief Executive Officer of Desjardins Group and four caisse general managers. The first is a related party because he or she is a member of FCDQ management, and the other four are related parties because they are employees of cooperatives, namely caisses, belonging to Desjardins Group. In addition, the directors have no business or personal relationships with members of the Desjardins Group Management Committee, nor interests which, in the opinion of the Board, could significantly interfere with their ability to act in the best interests of the FCDQ or Desjardins Group, nor interests of any other nature which, again in the opinion of the Board, could reasonably be perceived as harmful.

For guidance in these matters, the Board refers to the provisions of the *Code of Ethics and Professional Conduct*, which governs the actions of its directors, and to the declarations of interests filed annually by the directors. No director sits on another board of directors of any other major company. Generally speaking, they hold one or two directorships with not-for-profit organizations.

The list of directors along with their status (related or unrelated) can be found on page 10 of this report.

4. Nomination process

Taking into account the cooperative structure of Desjardins Group and the principle of delegation which prevails within Desjardins, the FCDQ's Board of Directors is composed of persons elected by the delegates of the FCDQ's member caisses who, at regional or group caisse meetings, directly elect 17 of the 22 Board members. These individuals chair the councils of representatives.⁽³⁾

Thus, it is the caisse delegates who must choose, from among those interested, the candidates most capable of taking on two roles, namely, that of a director of the FCDQ and Desjardins Group as a whole and that of regional or group caisse representative. Before nominations are accepted, candidates are reminded of the responsibilities and requirements of the position of president of a council of representatives. Because they are, at the same time, officers of a caisse, members of their councils of representatives and, finally, members of the FCDQ's Board of Directors, the Board benefits from having directors with comprehensive knowledge of Desjardins Group's activities who are nonetheless independent of management. This in-depth knowledge of the organization's activities is a significant advantage resulting from the cooperative structure of Desjardins Group.

The presidents of the councils of representatives are also responsible for ensuring that the orientations, as defined by the Board, are understood by the caisses; for ensuring that the tools for collaboration, participation and connection with the caisse network are effective; and for communicating to the Board the concerns of the caisses they represent. Board members are driven by a concern for the common good of members and other Desjardins stakeholders, which is reflected in their leadership.

The four positions filled by caisse general managers are determined at an election held at an Assembly of Representatives of the FCDQ. The final position is reserved for the Chair of the Board and Chief Executive Officer of Desjardins Group. The presence of four caisse general managers ensures that the orientations adopted by the Board and their implementation are adapted to the realities of the caisses.

The election process for FCDQ directors therefore ensures the independence of the members of the Board vis-à-vis the Chair of the Board and Chief Executive Officer of Desjardins Group, since the latter has no influence on their selection.

Moreover, the rules governing the composition of the Board foster a certain stability and continuity with respect to the corporate governance of Desjardins Group, given that its members have three-year renewable terms and that each year, one third of Board members are outgoing. This affords the directors the time needed to deepen their understanding of issues and to actively participate in Board activities. Since 2001, there has been a natural and continuous renewal of members on the Board of Directors, at a pace that allows the Board to maintain its overall performance.

The composition of the Board is balanced by the presence of representatives from all regions of Québec, from the group caisses and from Ontario caisses populaires, as well as by their particular skills and experience (chartered accountants, lawyers, notaries, managers, professional mediators, professors of management, caisse network managers, school teachers, entrepreneurs, caisse general managers, etc.).

All the processes, terms, conditions and requirements pertaining to the responsibilities of an FCDQ director and president of a council of representatives have been listed in a guide available to caisse officers. The guide is designed to support individuals interested in applying for these positions while also providing guidance for those called upon to elect FCDQ officers.

(3) The councils of representatives are democratic bodies within the FCDQ whose role in each of the regions and for the group caisses is to ensure that associational life remains dynamic through collaboration between the region's caisses and the FCDQ; its influence on decisions that affect major orientations and projects by actively participating in consultations; its contribution to the identification of regional issues and business development opportunities; its follow-up on member satisfaction and Desjardins Group's reputation in the region; as well as through institutional presence in the region. They are the leaders of associational life through their interaction with the caisses. They also ensure that concerns expressed by the caisses in the region or the group caisse network are considered by the FCDQ.

5. Assessing the effectiveness of structures

The Board of Directors and its commissions and committees evaluate their performance annually by using quantifiable objectives set by the Board at the beginning of the year. Areas for improvement and points to be monitored are identified during this evaluation and written into an action plan recommended to the Board by the Corporate Governance Commission, which also oversees the plan. The Board also receives a mid-year progress report. The evaluation program for all FCDQ structures also calls for a personal self-assessment, followed by a meeting between each director and the Chair of the Board. Engagement and skills development are included in the process. The Chair of the Board is responsible for the evaluation process, and the Corporate Governance Commission oversees it.

The Cooperative Orientations Commission is also involved in evaluating the performance of the Board of Directors and tables an annual report on how well the Board has achieved its primary annual objective, which is to ensure that its major decisions reflect all aspects of the Desjardins cooperative difference.

6. Orientation and training program for new directors

The FCDQ provides its directors with orientation sessions and ongoing training, and develops sessions tailored to their specific needs.

All new directors attend an onboarding session that involves meeting with certain members of management and receiving a reference manual containing all the information they need to carry out their duties. The manual is also available to all FCDQ officers on a special intranet site (the Elected Officer Portal). Every director receives a document reminding him or her of the expectations and duties that come with the position. Orientation sessions are also held to ensure effective and efficient integration of new members of Board commissions and committees.

As needed and upon request, meetings with specialists from the FCDQ, Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust are also organized to help directors increase their general and specialized knowledge of the organization and of its main strategic projects.

The training program for Board members falls under the activities of the Desjardins Cooperative Institute, a training institute created for the managers and elected officers of Desjardins Group. Work continued in 2010 to refocus all training efforts on strategic priorities and to optimize the delivery of training sessions. More specifically, in 2010, the members of the Board of Directors participated in an integrated risk management refresher course. This training session covered topics such as establishing risk tolerance thresholds and the effects of applying new international financial standards.

7. Size of the Board

The composition of the Board of Directors is designed to ensure the proper representation of the caisses in the 17 regions in the province of Québec plus part of Ontario, as well as the group caisses.

Despite the fairly large size of the Board, the directors are committed to taking a disciplined and effective management approach to Board meetings. In 2010, the Board held a meeting to discuss the efficiency and effectiveness of the Board of Directors, its committees and its commissions.

Furthermore, the Chair of the Board and Chief Executive Officer holds periodic, informal meetings with the directors, which serves to increase the efficiency of formal meetings. The results of the performance evaluation of the Board of Directors reveal, from year to year, the great relevance of these meetings. After each Board of Directors, committee or commission meeting, a closed-door session is held without the members of FCDQ management, except for the Chair of the Board and Chief Executive Officer as long as he or she does not have to withdraw for independence reasons.

8. Remuneration policy for directors

The Board annually reviews its policy on the remuneration of its directors, members of the Board of Ethics and Professional Conduct and members of the councils of representatives. The Board receives recommendations from the Corporate Governance Commission, which follows market trends in this domain very closely.

The policy's remuneration schedule is slightly below industry trends; however, it appropriately reflects Desjardins Group's culture, as well as the functions undertaken for the FCDQ, Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust, and the requirements and risks inherent to those functions. Note that the remuneration schedule for Board members has stayed the same since January 1, 2008, and that the status quo has once again been maintained in 2011. It is also important to note that the President and Chief Executive Officer's compensation is subject to the recommendations of a specific Board committee, all of whose members are unrelated directors. The President and Chief Executive Officer does not personally receive any amount for functions undertaken as director of any of the aforementioned subsidiaries.

Remuneration schedule for Board members of the FCDQ, Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust, as well as members of the Board of Ethics and Professional Conduct of the FCDQ and of Caisse centrale Desjardins

	FCDQ	DESJARDINS VENTURE CAPITAL	CAISSE CENTRALE DESJARDINS	DESJARDINS TRUST	SUBSIDIARIES
Chair of the Board of Directors ⁽⁴⁾	None, as it is assumed by the President and CEO of Desjardins Group	\$20,000 paid to the FCDQ because it is assumed by the President and CEO of Desjardins Group	\$20,000 paid to the FCDQ because it is assumed by the President and CEO of Desjardins Group	\$20,000 paid to the FCDQ because it is assumed by the President and CEO of Desjardins Group	\$10,000 for the position of Chair of the Board
Annual retainer for the chair of a commission or committee ⁽⁵⁾	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Annual retainer for a member of the Board of Directors ^(6,7)	\$7,500	\$7,500	\$7,500	\$7,500	\$10,000
Annual retainer for a member of a Board of Directors commission or committee ⁽⁸⁾	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Attendance allowance for Board of Directors meetings ⁽⁹⁾	\$1,000 (maximum per day)	\$1,000 (maximum per day)	\$1,000 (maximum per day)	\$1,000 (maximum per day)	\$1,000 (maximum per day)
Attendance allowance for committee or commission meetings ⁽⁹⁾	\$500 (per half-day)	\$500 (per half-day)	\$500 (per half-day)	\$500 (per half-day)	\$500 (per half-day)
Conference calls	\$200	\$200	\$200	\$200	\$200
Attendance allowance for members of the Board of Ethics and Professional Conduct	\$1,500 for the Chair \$750 for members	\$500 (per half-day)	\$1,500 for the Chair \$750 for members	\$1,500 for the Chair \$750 for members	\$500 (per half-day)
Compensation for the president of a council of representatives ⁽⁶⁾	\$15,000	N/A	N/A	N/A	N/A
Attendance allowance for members of the councils of representatives	\$300 per meeting	N/A	N/A	N/A	N/A

N/A: Not applicable

(4) The position of Chair of the Board of each subsidiary is held by a member of the Board of Directors of the FCDQ.

(5) For commissions and committees that hold fewer than four meetings, the attendance allowance is doubled and replaces the annual retainer.

(6) FCDQ Board members receive \$30,000 each as an annual retainer to serve as director of the FCDQ, Caisse centrale Desjardins, Desjardins Venture Capital and Desjardins Trust. This amount is divided equally among these four components. The two managing directors receive \$23,250, to which an amount of \$7,500 is added for their roles as vice-presidents of their respective councils of representatives.

(7) For the four general managers who are members of boards of directors, the policy stipulates that the board of directors for their caisse is responsible for deciding if they keep all of their remuneration.

(8) The annual retainer is paid regardless of the number of commissions or committees these members sit on at the FCDQ, Caisse centrale Desjardins (CCD), Capital Desjardins inc. (CDD), Desjardins Venture Capital (DVC) or Desjardins Trust. Therefore, only one retainer is paid for roles assumed for the FCDQ, CCD, DVC and Desjardins Trust. For members of commissions or committees who are not members of the Board of Directors, the retainer is \$5,000.

(9) Regardless of the number of Board, commission or committee meetings held on the same day, the maximum daily retainer is \$1,000 because every effort is made to concentrate meetings into a single day to keep costs down as much as possible. The FCDQ Board of Directors can invite any elected caisse officer to sit on any committee it forms. The Board of Directors determines the remuneration based on the nature of the responsibilities entrusted to them and the established remuneration schedule.

Remuneration of members of the Board of Directors

Disclosure of the remuneration paid to each Board member for the duties they assume as directors of the Fédération des caisses Desjardins du Québec (FCDQ), Desjardins Venture Capital (DVC), Caisse centrale Desjardins (CCD) or Desjardins Trust, or for their role as the chair of the board of a subsidiary.

NAME	RECEIVED FROM THE FCDQ, DVC, CCD AND DESJARDINS TRUST		OTHER FEES ⁽¹⁰⁾		2010 TOTAL
	ATTENDANCE ALLOWANCE	ANNUAL RETAINER	ATTENDANCE ALLOWANCE	ANNUAL RETAINER	
BARIL, Jacques	\$ 39,700	\$ 70,500			\$ 110,200
BÉLANGER, Annie P.	\$ 57,300 ⁽¹¹⁾	\$ 37,750			\$ 95,050
BLAIS, Thomas ⁽¹²⁾	\$ 10,600	\$ 16,750		\$ 4,500 ⁽¹³⁾	\$ 31,850
BOUDREAU, Laurier	\$ 39,600	\$ 32,000			\$ 71,600
BOULERICE, Donat ⁽¹⁴⁾	\$ 30,500	\$ 39,000			\$ 69,500
CHAMBERLAND, Serges	\$ 46,400	\$ 73,500			\$ 119,900
CHARBONNEAU, Louise ⁽¹⁵⁾	\$ 21,600	\$ 16,000			\$ 37,600
DUGUAY, Denis	\$ 41,400	\$ 51,000			\$ 92,400
DUMAS, Alain	\$ 41,700	\$ 32,000			\$ 73,700
GAGNÉ, André (Chair of the Board, DAM) ⁽¹⁶⁾	\$ 49,100 ⁽¹¹⁾	\$ 47,000	\$ 9,800	\$ 28,500	\$ 134,400
GRANT, Norman	\$ 46,700	\$ 60,500			\$ 107,200
LACHAPELLE, André ⁽¹⁷⁾	\$ 9,600	\$ 11,750			\$ 21,350
LAFORTUNE, Andrée	\$ 77,181 ⁽¹⁸⁾	\$ 84,500			\$ 161,681
LAUZON, Marcel (Chair of the Board, DID) ⁽¹⁶⁾	\$ 41,300	\$ 47,000	\$ 6,200	\$ 28,500	\$ 123,000
LEBLANC, Pierre	\$ 54,300	\$ 64,000			\$ 118,300
LEMELIN, Line ⁽¹⁹⁾	\$ 27,000	\$ 35,250			\$ 62,250
LEROUX, Monique F. ⁽²⁰⁾	\$ —	\$ —			\$ —
LEVASSEUR, Pierre	\$ 48,500	\$ 52,000			\$ 100,500
PARÉ, Denis	\$ 50,100	\$ 59,000			\$ 109,100
PERRON, Johanne ⁽²¹⁾	\$ 9,900	\$ 8,000			\$ 17,900
RAÏCHE, Alain	\$ 35,100 ⁽¹¹⁾	\$ 31,500			\$ 66,600
ROY, Michel	\$ 38,000 ⁽¹¹⁾	\$ 53,500			\$ 91,500
SAMSON, Clément (Chair of the Board, DGIG) ⁽¹⁶⁾	\$ 49,900 ⁽¹¹⁾	\$ 53,500 ⁽¹¹⁾	\$ 13,800	\$ 30,500	\$ 147,700
ST-PIERRE BABIN, Sylvie (Chair of the Board, DFS) ⁽¹⁶⁾	\$ 39,800	\$ 51,000	\$ 12,400	\$ 28,500	\$ 131,700
TOURANGEAU, Serge (Chair of the Board, Desj. Sec.) ⁽¹⁶⁾	\$ 29,500	\$ 51,000	\$ 10,000	\$ 35,000	\$ 125,500
TURCOTTE, Benoit	\$ 43,500	\$ 38,000			\$ 81,500
VINET, Yvon	\$ 42,900	\$ 47,000			\$ 89,900
Total	\$1,021,181	\$1,163,000	\$ 52,200	\$ 155,500	\$2,391,881⁽²²⁾

(10) Amounts received for chairing the board of a subsidiary.

(11) Includes special remuneration paid to the Chair of the Reporting Follow-up Committee that intervened at CCD, representatives on the *Conseil québécois de la coopération et de la mutualité* (CQCM), participants in the Elected Officer Advisory Board and the Subsidiary Governance Advisory Board, or for contributions to the Elected Officer Portal.

(12) Term of office ended in April 2010.

(13) Amount received as director of Desjardins Credit Union (DCU).

(14) Term of office began April 17, 2010.

(15) Term of office ended in June 2010.

(16) Desjardins Asset Management (DAM), Développement international Desjardins (DID), Desjardins General Insurance Group (DGIG), Desjardins Financial Security (DFS), Desjardins Securities (Desj. Sec.).

(17) Term of office ended in March 2010. Received additional compensation of \$38,800 as Chair of the Board of Capital régional et coopératif Desjardins, which is a public fund independent of Desjardins Group.

(18) Includes \$22,715 in special remuneration paid in 2010 for work undertaken in 2008 for the Reporting Follow-up Committee that intervened at CCD.

(19) Term of office began March 27, 2010.

(20) The Desjardins Group President does not receive any remuneration for the position of Chair of the Board of Directors of the FCDQ. The remuneration paid in relation to CCD, DVC and Desjardins Trust is paid in full to the FCDQ.

(21) Term of office began September 29, 2010.

(22) 63% of this amount is for duties performed for the FCDQ alone.

Remuneration of members of the FCDQ's Board of Ethics and Professional Conduct

NAME	ATTENDANCE ALLOWANCE
Bourgeois, Isabelle	\$ 6,400
Cardinal, Marcel	\$ 6,600
Douvry, Josyane	\$ 7,600
Lee-Gosselin, H�el�ene	\$ 15,200
Pichette, Ronald	\$ 6,400
Perreault, Lise B.	\$ 8,400
Sarrazin, Claire	\$ 7,600
St-Aubin, Jacques ⁽²³⁾	\$ 2,700
Yelle, Michel ⁽²⁴⁾	\$ 4,200

(23) Term ended August 30, 2010.

(24) Term began August 30, 2010.

In accordance with the *Act respecting financial services cooperatives*, the total budget for the payment of attendance allowances to members of the Board of Directors, the councils of representatives and the Board of Ethics and Professional Conduct is authorized by the FCDQ's General Meeting. The total remuneration budget (annual retainers plus attendance allowances) is reported at the Annual General Meeting. The General Meeting receives a report on changes to the remuneration budget from one year to the next. The overall budget allowance increased from \$2,476,000 in 2008 to \$2,497,682 in 2009 and to \$2,668,779 in 2010.

9. Composition of commissions and committees

The Board creates a number of committees and commissions and defines their mandates in order to support and streamline its orientation, planning, supervisory and control activities. These commissions and committees are made up entirely or almost entirely of unrelated parties. The composition and mandate of these commissions and committees are reviewed annually.

10. Responsibility for corporate governance

The Board gives the Corporate Governance Commission (CGC) the responsibility of applying and updating the governance program in light of new industry trends. The CGC reports on its observations and makes recommendations to the Board of Directors. This commission holds closed-door sessions without the presence of management. The Corporate Governance Commission does not play a part in the selection of members of the FCDQ's Board of Directors; it is, however, in charge of the selection process for the directors of Desjardins Group subsidiaries.

11. Defining the authority of the Desjardins Group Management Committee

The responsibilities of the Chair of the Board and Chief Executive Officer of Desjardins Group are set out in the FCDQ's Internal By-laws. In addition, the Board has set out in writing a clear distribution of responsibilities between the Board of Directors and the Desjardins Group Management Committee. This framework will continue to evolve in 2011 in accordance with work on the major Collaboration, Participation and Connection with the Caisse Network project to ensure Desjardins achieves the sought after benefits in relation to efficient governance practices.

The annual objectives of the Chair of the Board and Chief Executive Officer of Desjardins Group are recommended to the Board of Directors by the Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group (CAR). The objectives of Management Committee members are established by the President and Chief Executive Officer through performance reviews held with each member of the Management Committee, taking their incentive plan into account.

The Board of Directors has guidelines for setting objectives to ensure sound management of incentive plans and an equitable application for all Desjardins components. The degree to which these objectives are achieved is measured through an annual review process. The CAR supervises the performance review of the Chair of the Board and Chief Executive Officer of Desjardins Group, with each director participating anonymously in this review process using a grid prepared in advance by the CAR and without the presence of management.

12. The Board's independence from the Desjardins Group Management Committee

The Board has created a variety of structures and procedures to ensure its independence from Desjardins Group management:

1. There is only one member of Desjardins Group management who is also an officer elected by representatives of members (the Chair of the Board and Chief Executive Officer of Desjardins Group).
2. The position of Vice-Chair of the Board of Directors was created by the General Meeting, the holder of which presides over the Board's meetings when the issues being discussed require the withdrawal of the Chair of the Board and Chief Executive Officer. The Internal By-laws specify that the Vice-Chair of the Board replaces the Chair of the Board when the latter cannot act.
3. Periodic informal meetings are held among the directors. The Chair of the Board and Chief Executive Officer updates the members of Desjardins Group management, who are not present at these meetings. Both unrelated and related directors are present at these meetings, given that the discussions pertain to matters that do not bear any risk of conflict of interest for the related directors.
4. Closed-door sessions without the presence of management (except for the Chair of the Board and Chief Executive Officer) are held at the end of each meeting of the Board of Directors and of the Executive Committee. The same is true for Board commissions.
5. The Chair of the Audit and Inspection Commission is an unrelated director.
6. The Corporate Governance Commission (of which only one member is a related party) assumes responsibility for the following:
 - a. Managing relations between the Board and the Desjardins Group Management Committee
 - b. Ensuring that the Board fulfils its duties. In addition, the responsibility of drawing up or overseeing meeting agendas for the Board of Directors and its committees is assigned to the Chair of the Board and Chief Executive Officer of Desjardins Group.
7. Only unrelated directors serve on the Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group.
8. The members of the Human Resources Commission and the Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group are seconded, when needed, by an external consultant when dealing with issues involving the aggregate remuneration of senior management.

The FCDQ also has a Board of Ethics and Professional Conduct, the members of which are elected by the General Meeting. Its members are all independent from management and the Board of Directors.

Position against separating the functions of Chair of the Board and Chief Executive Officer

The functions of Chair of the Board and Chief Executive Officer of Desjardins Group have not been separated. This decision was made by the FCDQ's General Meeting and has been integrated into the FCDQ's Internal By-laws. This issue will be re-examined in 2011 as part of the Collaboration, Participation and Connection with the Caisse Network project, following a proposal adopted at the 2010 FCDQ Annual General Meeting. Any changes in relation to this or other Desjardins governance matters that are currently under review could potentially become orientations to be voted on by caisse delegates at a congress.

Note that at the beginning of 2011, the Board of Directors made changes to the organizational structure, which resulted in an expanded role and operational responsibilities for one of the current members of Desjardins Group's management⁽²⁵⁾ under the provisions of the FCDQ's Internal By-laws. The Board of Directors' decision supports the desire expressed by the Chair of the Board, President and CEO of Desjardins to focus more on the promotion of cooperation within Desjardins and within communities; on the organization's growth and key strategic files; on governance and on the engagement of Desjardins Group's elected officers and employees.

The main reasons behind the current position are as follows:

- Unlike other companies, where the Chief Executive Officer is appointed by the Board of Directors, Desjardins elects this officer through an electoral college of 255 FCDQ-member representatives and the current or outgoing President and Chief Executive Officer. The CEO's primary responsibility is to protect the interests of the 5.8 million members of Desjardins. The CEO's interests are therefore aligned with those of the members.
- The Chair of the Board and Chief Executive Officer of Desjardins has no influence over the choice of members serving on the Board of Directors or the Board of Ethics and Professional Conduct, as they are elected by caisse representatives through democratic bodies in charge of their election.
- The Board of Directors created the Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group, which is made up entirely of independent directors, to eliminate any conflict of interest with respect to remuneration.
- Owing to the complex nature of the management of Desjardins Group's activities, the Chair of the Board must possess in-depth knowledge of the activities, business and projects of both the FCDQ and Desjardins Group in order to effectively act as a uniting force and a leader among elected officers, caisse members and the management teams of Desjardins components.
- The recent changes to Desjardins Group's structure are designed to create a structure that frees the Chair of the Board and CEO of Desjardins from operational considerations for the FCDQ and Desjardins Group. The structure of Desjardins Group subsidiaries, which currently fall under the responsibility of individuals holding the position of senior vice-president and general manager of a Business Sector, will remain unaffected. Furthermore, as mentioned in the introduction, the coordination of the four Desjardins Group and FCDQ Support Functions will now fall under the responsibility of the Senior Executive Vice-President of Desjardins Group.

(25) The position of Senior Executive Vice-President of Strategy, Performance and Development becomes the Senior Executive Vice-President of Desjardins Group.

13. Audit and Inspection Commission

The Audit and Inspection Commission (AIC), established under the *Act respecting financial services cooperatives*, acts as an audit committee for the FCDQ's caisse inspection activities. The AIC is composed entirely of unrelated directors; two of the members, including the Chair, have accounting expertise.

The roles and responsibilities of the AIC have been defined in such a way so as to give its members a very clear understanding of their oversight duties. The AIC has all the power and information it needs to fulfil its mandate. It reviews all financial information, supervises the required reporting and plays a lead role in overseeing and assessing the appropriateness of financial disclosure controls. It has a direct line of communication to the persons responsible for internal audit at Desjardins Group, with the Desjardins Group Monitoring Office⁽²⁶⁾ and with external auditors in order to discuss and review certain issues, should the need arise. The AIC holds closed-door sessions without the presence of management.

The AIC ensures the independence of the internal audit sector of Desjardins Group and adopts its annual action plan.

14. Hiring outside advisors

A director may hire the services of an external advisor at the FCDQ's expense; however, to ensure that such services are appropriate, a request must be submitted to the Corporate Governance Commission.

Mandates and composition of the commissions, committees and the FCDQ's Board of Ethics and Professional Conduct

As at December 31, 2010

Legend: * unrelated party
** managing director

EXECUTIVE COMMITTEE (EC)

(composed of seven directors)

This committee has the same functions and powers as the Board of Directors, with the exception of those which the Board may reserve for itself or assign to another committee or commission. The EC held 14 meetings, four videoconferences and six conference calls in 2010.

Members

Monique F. Leroux, Chair of the Board
Denis Paré*, Vice-Chair of the Board
Clément Samson*, Secretary of the Board
Serges Chamberland*
Alain Dumas⁽ⁱ⁾
André Gagné*
Sylvie St-Pierre Babin*

(i) Term began in June 2010.
Louise Charbonneau was a member until June 2010.

COOPERATIVE ORIENTATIONS COMMISSION (COC)

(composed of five directors)

This commission ensures compliance with the cooperative identity of Desjardins Group as well as the realization of its values. It also oversees the application of the organization's cooperative difference. It submits recommendations to the Board of Directors as needed. The COC held four meetings, three conference calls and one videoconference in 2010.

Members

Michel Roy*, Chair
Annie P. Bélanger*/**
Denis Duguay*
Line Lemelin*⁽ⁱ⁾
Yvon Vinet*

(i) Term began at the end of March 2010.
Louise Charbonneau and Serge Tourangeau were members until June 2010 and March 2010 respectively.

AUDIT AND INSPECTION COMMISSION (AIC)

(composed of five directors)

This commission oversees the activities of the Desjardins Group Monitoring Office, supports the Board of Directors in its monitoring and control responsibilities for the FCDQ and Desjardins Group, and examines in detail all elements related to the disclosure of financial information. The AIC held 20 days of meetings in 2010.

Members

Andrée Lafortune*, FCA, Chair
Annie P. Bélanger*/**
Donat Boulерice*⁽ⁱ⁾
Pierre Leblanc*, FCA
Pierre Levasseur*

(i) Term began at the end of April 2010.
Thomas Blais was a member until April 2010.

RISK MANAGEMENT COMMISSION (RMC)

(composed of six directors)

This commission assists the Board of Directors in the identification and tracking of major risks to the FCDQ and Desjardins Group. The RMC held six meetings and 10 conference calls in 2010.

Members

Serges Chamberland*, Chair
Norman Grant*
Marcel Lauzon*
Line Lemelin*⁽ⁱ⁾
Michel Roy*
Serge Tourangeau*⁽ⁱ⁾

Andrée Lafortune* and Alain Raïche sit on the RMC as observers.

(i) Term began at the end of March 2010.
André Lachapelle and Benoît Turcotte were members until March 2010.

(26) The Desjardins Group Monitoring Office provides independent opinions on the caisses' management and financial statements. Through inspections and audits, it monitors the risks associated with network activities and determines whether these risks are managed according to sound and prudent management practices in compliance with legislation, standards and the rules of conduct in force; moreover, it audits the caisses' financial statements, co-audits the financial statements of Desjardins Group using recognized audit standards and expresses an opinion on these statements.

HUMAN RESOURCES COMMISSION (HRC)

(composed of five directors)

This commission periodically reviews the positioning of Desjardins Group's total compensation system in order to enable Desjardins to remain competitive. It ensures that the compensation practices in effect at Desjardins comply with Desjardins Group's policies and guiding principles. The mandate of this commission excludes the examination of issues involving the terms of employment for the Chair of the Board and Chief Executive Officer. The HRC held eight meetings and two conference calls in 2010.

Members

Monique F. Leroux, Chair of the Board
Denis Paré*, Vice-Chair of the Board
André Gagné*
Marcel Lauzon*
Yvon Vinet*

COMMITTEE ON THE AGGREGATE REMUNERATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF DESJARDINS GROUP (CAR)

(composed of four directors)

This committee, all of whose members are unrelated parties, is mandated to make recommendations to the Board regarding the remuneration and working conditions, as well as the annual objectives, of the President and Chief Executive Officer. The CAR held two meetings in 2010.

Members

Denis Paré*, Vice-Chair of the Board
André Gagné*
Marcel Lauzon*
Yvon Vinet*

CORPORATE GOVERNANCE COMMISSION (CGC)

(composed of five directors)

This commission supports the Board of Directors in applying and updating the corporate governance program. The CGC also oversees the process for recommending candidates for seats on the boards of directors of Desjardins Group subsidiaries. In addition, it is responsible for supervising the performance review program for members of the Board of Directors and its commissions and committees as well as for implementing the Sustainable Development Policy and the Voting Rights Policy. The CGC held seven meetings and one videoconference in 2010.

Members

Monique F. Leroux, Chair of the Board
André Gagné*
Clément Samson*, Secretary of the Board
Sylvie St-Pierre Babin*
Yvon Vinet*

INVESTMENT COMMISSION

(composed of four directors and one external member)

This commission is mandated to support the Board of Directors in establishing and monitoring the investment policies of Desjardins Funds and in overseeing the selection of securities advisors and sub-advisors. It also examines fund performance and discretionary management and ensures that investment fund transactions are compliant. The Investment Commission held five meetings and one conference call in 2010.

Members

Jacques Baril*, Chair
Laurier Boudreault
Alain Dumas
Normand Grégoire*
Benoît Turcotte*/**

DESJARDINS GROUP RETIREMENT COMMITTEE (DGRC)

(composed of employer, member and retiree representatives, plus one external member)

By virtue of the powers vested in it by the *Supplemental Pension Plans Act* and by the Desjardins Group Pension Plan (DGPP) Regulation, the DGRC is in charge of properly administering the DGPP, managing the pension fund and paying members and their survivors the promised benefits. The members representing employees, employers and retirees share the role of pension fund trustees. The DGRC held four meetings and one conference call in 2010.

The Fédération des caisses Desjardins du Québec (FCDQ) represents all Desjardins employers with respect to the Desjardins Group Pension Plan. The FCDQ's Board of Directors has decision-making power in certain areas, including the Plan Regulation, the nature and terms of benefit payments to members and retirees, contribution rates and the use of any surplus. Through its Board of Directors, the FCDQ stands surety for the obligations (employee pensions) resulting from the participation of all Desjardins Group employers in the DGPP.

Employer representatives are appointed by the FCDQ's Board of Directors. Members' and retirees' representatives are elected democratically by the group that they represent.

Members of the Board of Directors, representing the employer

Denis Paré*, Chair
Norman Grant*, Secretary
Jacques Baril*
Serges Chamberland*
Pierre Leblanc*
Benoît Turcotte*/**(i)

(i) Term began at the end of March 2010.
Thomas Blais was a member until March 2010.

Representing the members

Guy Cormier
Vincent Coulombe
Mario Lévesque
Sylvain Rouleau

External representative

Reynald Harpin*

Representing retirees and members entitled to a deferred pension

Michel-Pierre Bergeron

Observer representing active members

Simon Garneau

Observer representing inactive members

Yvon Lesiège

INVESTMENT COMMITTEE

Under the responsibility of the Retirement Committee, which establishes the investment policy, the Investment Committee's mandate is to ensure the execution of the policy as well as to coordinate the activities of the fund managers to whom management mandates are entrusted. The Investment Committee held five meetings and four conference calls in 2010.

Members

Jacques Baril*, Chair
Serges Chamberland*, Secretary
Guy Cormier, observer
Reynald Harpin*
Pierre Leblanc*
Denis Paré*
Benoit Turcotte*/**⁽ⁱ⁾

(i) Term began at the end of March 2010.
Sylvain Rouleau was a member until March 2010.

AUDIT, PROFESSIONAL PRACTICES AND COMPLIANCE COMMITTEE

This committee is responsible for overseeing the financial reporting process, rules governing professional conduct and ethics, the Complaint Handling Policy, regulatory compliance management and corporate governance. This committee held three meetings in 2010.

Members

Norman Grant*, Chair
Sylvain Rouleau, Secretary
Vincent Coulombe

BOARD OF ETHICS AND PROFESSIONAL CONDUCT

(composed of eight elected officers)

Pursuant to the *Act respecting financial services cooperatives*, the FCDQ has a Board of Ethics and Professional Conduct that is independent of the Board of Directors. The eight members of the Board are elected officers at Desjardins. The Board of Ethics and Professional Conduct is supported by a team that reports to the Cooperative Support Division and Secretariat General. In 2010, the Board of Ethics and Professional Conduct held six regular meetings, three conference calls and one day of training on ethical deliberation. The members of this board were also invited to participate in a conference in 2010.

One of the main responsibilities of the Board of Ethics and Professional Conduct is to ensure the independence and objectivity of FCDQ inspection and audit services with respect to the caisses (Desjardins Group Monitoring Office, see note at the bottom of page 195) and make recommendations to the Chair of the Board and Chief Executive Officer of Desjardins Group regarding the appointment of the person responsible for managing these services.

In addition to the responsibilities mentioned above, the role of the Board of Ethics and Professional Conduct includes adopting the rules of conduct applicable to the officers of Desjardins Group and the subsidiaries and to the employees of the FCDQ and the caisses; presenting said rules for approval to the Board of Directors and ensuring that they are complied with by the caisses and the FCDQ; supporting the caisses and the FCDQ in applying the rules of conduct; issuing advice, observations and recommendations with respect to ethical and professional conduct issues (especially in cases of misconduct); notifying the Board of violations to the rules of ethics and professional conduct and, if the FCDQ violates the provisions of the *Act respecting financial services cooperatives* or the regulations governing restricted party transactions and conflicts of interest, ensuring that complaints regarding the FCDQ originating from the caisses or other members of the FCDQ (Caisse centrale Desjardins, holding companies, subsidiaries) are handled. This board holds closed-door sessions without the presence of management. In 2010, the Board reviewed certain sections of the *Code of Ethics and Professional Conduct* common to all Desjardins Group components, as well as certain rules that are specific to the cooperative network.

Members

Hélène Lee-Gosselin*, Chair
Claire Sarrazin*, Secretary
Isabelle Bourgeois*
Marcel Cardinal*
Josyane Douvry*
Lise B. Perreault*
Ronald Pichette*
Michel Yelle*⁽ⁱ⁾

(i) Term began on August 30, 2010.
Jacques St-Aubin was a member until August 30, 2010.

Record of attendance for FCDQ Board members

NAME ⁽²⁷⁾	BoD	EC	COC	AIC	RMC	HRC	CAR	CGC	IC	DGRC	IC DGRC	APPCC DGRC	CORE
Baril, Jacques	33/33								6/6	5/5	9/9		11/11
Bélanger, Annie P.	26/33		8/8	19/20									8/9
Blais, Thomas	6/10			4/5						1/1		1/1	1/2
Boudreault, Laurier	31/33								5/6				10/10
Boulerice, Donat	23/23			12/12									7/7
Chamberland, Serges	30/33	23/24			15/16					4/5	8/9		8/8
Charbonneau, Louise	15/15	7/8	5/5										3/4
Duguay, Denis	33/33		7/8										11/12
Dumas, Alain	32/33	16/16			7/7				6/6				7/10
Gagné, André	32/33	23/24				10/10	2/2	8/8					10/11
Grant, Norman	32/33				16/16					5/5		3/3	9/9
Lachapelle, André	5/7				3/5								10/11
Lafortune, Andrée	29/33			20/20	15/16								9/9
Lauzon, Marcel	32/33				15/16	9/10	2/2						9/9
Leblanc, Pierre	32/33			20/20						5/5	9/9		10/10
Lemelin, Line	25/26		4/4		7/9								11/11
Leroux, Monique F.	33/33	24/24				10/10		8/8					—
Levasseur, Pierre	32/33			20/20									8/9
Paré, Denis	31/33	22/24				10/10	2/2			5/5	9/9		9/9
Perron, Johanne	9/12												9/9
Raïche, Alain	31/33				9/9								10/11
Roy, Michel	30/33		8/8		14/16								12/12
Samson, Clément	33/33	24/24						8/8					9/10
St-Pierre Babin, Sylvie	32/33	24/24						8/8					11/11
Tourangeau, Serge	29/33		3/4		8/9								9/9
Turcotte, Benoît	33/33				7/7				6/6	4/4	6/6		11/11
Vinet, Yvon	33/33		8/8			10/10	2/2	8/8					11/11

(27) Board of Directors (BoD), Executive Committee (EC), Cooperative Orientations Commission (COC), Audit and Inspection Commission (AIC), Risk Management Commission (RMC), Human Resources Commission (HRC), Committee on the Aggregate Remuneration of the President and Chief Executive Officer of Desjardins Group (CAR), Corporate Governance Commission (CGC), Investment Commission (IC), Desjardins Group Retirement Committee (DGRC), Investment Committee of the Desjardins Group Retirement Committee (IC DGRC), Audit, Professional Practices and Compliance Committee of the Desjardins Group Retirement Committee (APPCC DGRC), Council of Representatives (CORE).

Note:

For the BoD, there were 33 attendance allowance payments. The BoD held 24 days of meetings and nine conference calls. The policy allows for a payment of \$1,000 per day of meetings and \$200 per conference call. Regardless of the number of Board, commission or committee meetings held on the same day, the maximum daily retainer is \$1,000. Every effort is made to concentrate meetings into a single day to keep costs down as much as possible. The FCDQ Board of Directors can invite any elected caisse officer to sit on any committee it forms. The Board of Directors determines the remuneration based on the nature of the responsibilities entrusted to them and the established remuneration schedule.

For the AIC, there were 20 attendance allowance payments. The AIC oversees the activities of the FCDQ, Desjardins Venture Capital, Caisse centrale Desjardins, Capital Desjardins and Desjardins Trust. It also gives advisory opinions to the boards of the various investment funds and the Financial Services Firm.

Record of attendance for the members of the FCDQ's Board of Ethics and Professional Conduct

NAME	NUMBER OF MEETINGS
Bourgeois, Isabelle	9/11
Cardinal, Marcel	10/11
Douvry, Josyane	10/11
Lee-Gosselin, H�el�ene	11/11
Pichette, Ronald	11/11
Perreault, Lise B.	9/11
Sarrazin, Claire ⁽²⁸⁾	10/11
St-Aubin, Jacques ⁽²⁹⁾	4/5
Yelle, Michel ⁽³⁰⁾	6/6

(28) Required to sit out one meeting for independence reasons.

(29) Term ended on August 30, 2010.

(30) Term began on August 30, 2010.

Director absences were due to professional or personal reasons, for which justification is provided at all times. In addition, when they are absent, the presidents of councils of representatives may be replaced by the vice-president of their council of representatives who acts as managing director, thus assuring the region's continuous representation.

Members of the councils of representatives

Considering that 255 people are involved, the Board of Directors has decided to simply publish the attendance rate for the meetings of the 17 councils of representatives.

2010	ATTENDANCE RATE (AS A %)	NUMBER OF MEETINGS
Bas-Saint-Laurent and Gasp�sie – �les-de-la-Madeleine	91	9
Kamouraska and Chaudi�re-Appalaches	82	12
Qu�bec-Est	88	11
Qu�bec-Ouest and Rive-Sud	84	10
Saguenay-Lac-Saint-Jean, Charlevoix and C�te-Nord	94	8
Centre-du-Qu�bec	88	9
Mauricie	87	10
Cantons-de-l'Est	85	9
Richelieu-Yamaska	90	12
Lanaudiere	87	11
Rive-Sud de Montr�al	88	11
Laval-Laurentides	90	9
Ouest de Montr�al	93	9
Est de Montr�al	85	11
Outaouais,	96	11
Abitibi-T�miscamingue and Nord du Qu�bec	90	11
Group Caisses	87	9
Ontario	93	7

Assembly of Representatives

	NUMBER OF REPRESENTATIVES PRESENT	ATTENDANCE RATE (AS A %)
March 26, 2010	249	97
April 24, 2010	207	81
September 18, 2010	226	88

DESJARDINS GROUP MANAGEMENT COMMITTEE

(composed of thirteen members of management)

This committee supports the Chair of the Board and Chief Executive Officer of Desjardins Group and the Board of Directors in their responsibility to provide a management structure for Desjardins Group. To achieve this, it helps the Board incorporate the strategic orientations of the cooperative network and the subsidiaries, and implement business development strategies. The Management Committee held 26 meetings, four conference calls and two videoconferences in 2010.

Members

Monique F. Leroux, Chief Executive Officer of Desjardins Group and Chair of the Committee

Stéphane Achard, Senior Vice-President and General Manager, Business and Institutional Services, Desjardins Group

Denis Berthiaume⁽ⁱ⁾, Senior Vice-President and General Manager, Wealth Management and Life and Health Insurance, Desjardins Group

Serge Cloutier, Executive Vice-President, Cooperative Development and Democratic Governance Support, Desjardins Group

Marie-Huguette Cormier, Executive Vice-President, Communications, Desjardins Group

Normand Desautels, Senior Vice-President and General Manager, Personal Services, Desjardins Group

Jacques Dignard, Senior Vice-President, People and Culture, Desjardins Group

Daniel Dupuis, Senior Vice-President, Cooperative Network Support, Desjardins Group

Louis-Daniel Gauvin, Senior Vice-President and Chief Risk Officer, Desjardins Group

Marc Laplante, Senior Executive Vice-President, Strategy, Performance and Development, Desjardins Group

Raymond Laurin, Senior Vice-President, Finance and Treasury and Chief Financial Officer, Desjardins Group

Robert Ouellette, Senior Vice-President, Technology and Shared Services, Desjardins Group

Sylvie Paquette, Senior Vice-President and General Manager, Property and Casualty Insurance, Desjardins Group

This committee created Desjardins-wide coordination subcommittees in the following areas: Asset/Liability, Finance and Integrated Risk Management and Human Resources.

(i) Bruno Morin held this position until September 7, 2010.

Highest paid senior executives in 2010⁽³¹⁾

	SALARY		INCENTIVE PLAN		OTHER
		ANNUAL	LONG-TERM	COMPENSATION	
Monique F. Leroux Chair of the Board, President and Chief Executive Officer Desjardins Group	\$ 915,712	\$ 1,007,568	N/A	N/A	
Bruno Morin Senior Vice-President and General Manager, Wealth Management and Life and Health Insurance Desjardins Group	\$ 612,400 ⁽³²⁾	\$ 481,950 ⁽³³⁾	N/A	N/A	
Marc Laplante Senior Executive Vice-President, Strategy, Performance and Development Desjardins Group	\$ 505,949	\$ 401,858 ⁽³⁴⁾	\$ 150,578 ⁽³⁵⁾	N/A	
Sylvie Paquette Senior Vice-President and General Manager, Property and Casualty Insurance Desjardins Group	\$ 448,439 ⁽³²⁾	\$ 283,723 ⁽³⁴⁾	\$ 120,000 ⁽³⁵⁾	N/A	
Normand Desautels Senior Vice-President and General Manager, Personal Services Desjardins Group	\$ 407,643	\$ 286,283 ⁽³⁴⁾	\$ 122,871 ⁽³⁵⁾	N/A	
Raymond Laurin Senior Vice-President, Finance and Treasury and Chief Financial Officer Desjardins Group	\$ 388,701	\$ 293,540 ⁽³⁴⁾	\$ 116,849 ⁽³⁵⁾	N/A	

N/A: Not applicable

(31) Information regarding the remuneration of the senior executives of Caisse centrale Desjardins and Capital Desjardins is included in the "Statement of Executive Compensation" section of their respective annual information forms.

(32) Bruno Morin's compensation was paid by Caisse centrale Desjardins (CCD) for services rendered to the FCDQ and CCD. Sylvie Paquette's compensation was paid by Desjardins General Insurance Group (DGIG) for services rendered to DGIG and the FCDQ.

(33) Bruno Morin's incentive plan payment was made in full.

(34) As per the provisions of the 2010 incentive plan for Desjardins Group senior executives, the annual incentive plan comprises an annual fixed portion (60% of the 2010 bonus) and a deferred variable portion (40% of the 2010 bonus). The deferred portion will be subject to future changes in Desjardins Group's financial performance and is paid out only at the end of the three-year period following the announcement of the bonus. As a result, the amounts indicated include only the annual portion of the incentive plan earned during fiscal 2010 and paid out at the beginning of fiscal 2011, which is 60% of the total bonus for 2010.

(35) The amounts indicated represent the compensation paid for fiscal 2010 under the long-term portion of the incentive plan. This amount is payable upon retirement and is subject to change, according to Desjardins Group's financial performance in future years.