



# Desjardins

## NOTES

FOR A SPEECH BY

GUY CORMIER,  
PRESIDENT AND CEO  
OF DESJARDINS GROUP

BEFORE THE MEMBERS OF THE  
CHAMBRE DE COMMERCE ET D'INDUSTRIE DE QUÉBEC

**“CREATING A MORE RESPONSIBLE ECONOMY THAT PUTS PEOPLE FIRST:  
A RESPONSIBILITY THE BUSINESS COMMUNITY CAN SHARE”**

QUEBEC CITY, MONDAY, SEPTEMBER 11, 2017

(Check against delivery)

---

Chamber President,  
Distinguished Guests,  
Team Desjardins,  
Ladies and Gentlemen,

It's an honour to be here today with the Chambre de commerce et d'industrie de Québec.

I'm very happy to have this opportunity to speak to the business community, here in the beautiful ballroom at Château Frontenac.

Since becoming President of Desjardins Group, Quebec City has become my second home. And I love it.

Going back and forth between Montreal and Quebec City, I have to say that if the NHL had put its expansion team here instead of in Las Vegas, I'm not sure who I would have cheered for. Would I pick the Nordiques or the Canadiens? I'd be torn!

But really, Las Vegas! Such a great hockey town! Such a long tradition of winter activities. Maybe they're planning on opening their own Ice Hotel too—but they might need to turn up the air conditioning just a little.

\* \* \*

Today I'd like to talk to you about how our economy is changing, and about how we need to create a more sustainable and responsible economy that puts people first.

But before diving in, I wanted to take a few moments to tell you about Desjardins Group and our ties to the Greater Quebec City and Lévis area.

**Desjardins, an organization that belongs to us and works for the Greater Quebec City community**

Some of you may be familiar with the economic and financial clout Desjardins Group carries, and some of you may not. So let me share a few facts and figures.

Desjardins Group today:

- Serves 7 million members and clients across Canada, including 350,000 business members.

- 
- Desjardins relies on the commitment of approximately 4,600 caisse elected officers and has over 47,000 employees.
  - We have assets of \$272 billion.
  - In 2016, our operating income was \$14 billion and surplus earnings approximately \$1.8 billion.
  - We gave back \$259 million to members and communities in the form of sponsorships, donations, dividends and member advantages.
  - We have strong market shares in Quebec: 42% of balance sheet savings, 36% of residential mortgages, more than 24% of business credit and approximately 23% of consumer credit.
  - Finally, Desjardins Group maintains excellent capital ratios. Among the best in the industry

Desjardins Group belongs to all its members. It has always been so and it will always be so. As a cooperative financial group, our status is protected. There never can be and never will be a hostile takeover of Desjardins.

Here on Quebec City's north and south shores, Desjardins has:

- Nearly 10,500 employees
- 84 service outlets run by our caisses and 3 Desjardins Business centres
- Another reason for our strong presence in the area is that we're headquartered in Lévis.
- The head offices of our insurers are also in Lévis:
  - Desjardins General Insurance Group, Canada's third largest provider of property and casualty insurance
  - Desjardins Financial Security, Canada's fifth largest provider of life and health insurance

Desjardins Group is growing across Canada, in large part through our insurance operations. When Desjardins makes a major acquisition, like with State Farm in 2015, it creates new jobs in Lévis.

That's why over the past few years we've tackled several major real estate projects at Cité Desjardins de la coopération. We're giving ourselves the room to grow—and to welcome the new employees who will help us grow!

---

## ***Desjardins Lab opening in Lévis***

Drawing on our experience in Montreal over the past three years, we'll be opening a second Desjardins Lab in Lévis this fall. What's a Desjardins Lab? It's an innovation ecosystem. It's a place that brings together people, new ideas and new technology so we can experiment, collaborate with partners, and develop new solutions.

Because our insurers have such a strong presence here, the Lévis Desjardins Lab will focus a lot on insurance. We'd like to work with insurtechs—insurance start-ups—to support their development. In return, our members and clients will benefit from the solutions we come up with.

I'm also very happy to tell you about the new 360<sup>d</sup> location at Laval University. It will open in January and be the fifth of its kind in Quebec. Our 360<sup>d</sup> centres are designed for young adults and students. It's a completely new approach, with the latest technology and client relations associates who can provide customized advice to help young people achieve their goals.

Our unique, cutting-edge concept won us an international prize for innovation from the European Financial Management and Marketing Association and Accenture in October 2015.

## **A vibrant local economy that's making its mark**

Today, Desjardins Economic Studies published an economic study on the Capitale-Nationale administrative region.

To put it mildly, Quebec City's economy is booming. In 2016, Quebec City posted its 25th consecutive year of economic growth. That's the longest period of economic growth of any major metropolitan area in Canada. That's a bit like if Laval University's Rouge et Or football team went an entire season without losing a single game—unfortunately, that won't be the case this year.

In Quebec City, members of the business community are willing to communicate and collaborate—and that includes Desjardins. Here, we have all the ingredients for success. We have universities and research centres. We have a highly educated population. We have an active business community that's always on the lookout for new opportunities. We have everything we need to drive innovation.

In Quebec City, start-up costs are very competitive. We're strategically located in an enviable geographical position, with access to world-class infrastructures, including ports and an airport. With the north and south shores recently being named a foreign trade zone, we're in a stronger position than ever to become one of North America's trade hubs. It's an extremely positive and promising development for the future.

In recent years, our efforts have helped Quebec City climb in international rankings in terms of future potential, start-up friendliness and quality of life. This is great news, since these qualities will attract young people, families and entrepreneurs to the area.

Desjardins Group is proud to play a part in this dynamic.

---

Desjardins supports the growth of hundreds of businesses in Quebec City. Our account managers and the teams at Capital régional et coopératif Desjardins have a wealth of expertise to offer you.

We put that expertise to work for Denis Lemieux and Serge Fournier when we helped them transfer their business, LGT, to a group of buyers led by Moise Gagné. This meant the business could stay here in Quebec City, with its culture and values intact.

Another example: Gecko Alliance Group was able to buy back the 50% of its shares held by U.S. partners, making it once again a 100% Quebec-owned company.

With our help, Jacques Gauthier, owner of Groupe Restos Plaisirs, was able to transfer ownership to Pierre Moreau and several of the company's managers. With 7 different restaurants and 12 locations, Restos Plaisirs is a leader in the restaurant business in Quebec City.

Capital régional et coopératif Desjardins also helped provide Unicoop, a cooperative for agricultural producers, with the means to further develop the services it offers its members.

Desjardins also provides financial support for many of Quebec City's healthcare, educational and cultural institutions.

The caisses are committed to supporting their communities. And now, I'd like to show you a video about just that.

*[Video]*

These kinds of initiatives make me so proud. I'm glad that we can support recreational activities and community services for young people and at-risk populations.

I'd like to wrap up this part of my speech with a quick announcement. Today, Desjardins is launching a cybersecurity kit for SMEs. It provides practical advice to help businesses protect themselves against online threats.

As soon as you go online, you're at risk. But there are precautions you can take to avoid potential problems. The kit is available on Desjardins.com.

### **Our role in future development**

Now I'd like to get back to my main topic: how we can contribute to responsible, sustainable economic development that puts people first.

This is something I'm very passionate about. And it's based on my deep-seated belief that capitalism, and what it's become in recent decades, needs to change course. It needs to become more respectful of people and the environment. It needs to focus on the long term. It needs to be more inclusive and, above all, it needs to provide hope.

---

Some people think that if you want to talk about these issues and you're a CEO, or you own a business, or make more money than the average person, your opinion shouldn't count. As if our position means that we live in another world entirely, completely unaffected by what other people and communities are going through, unaffected by the threats to our planet.

I don't believe any of that. As business leaders, if we keep our foot on the brakes, if we choose to ignore what's going on, if we refuse to take action, nothing will change.

There can't be profound change if we don't have the numbers. If we don't have people willing to carry it out. For that to happen, we need to talk. We need to listen. We need to debate. And that's why I, personally, won't remain silent.

I'm not the only one who feels this way. Desjardins Group, as a cooperative, with our history and with the beliefs of our elected officers and employees, has always strived to make money work for people. We're doing it now and we'll keep on doing it.

We want to enrich the lives of people and communities. We want to make our economic system fairer and more viable over the long term. We want an economy that puts people first.

### **Our economic model needs to change**

Anyone watching what's going on in the world today is going to start asking questions.

When we hear there's a fourth industrial revolution on the way, we're going to ask questions. What impact it will have on the economy, on jobs, on people?

When we're faced with the large-scale impact of climate change, we're going to ask questions.

And when we see hundreds of thousands of people, every year, trying to escape poverty and war, ready to risk their lives and suffer incredible humiliation for just a glimmer of hope, we're going to ask questions.

And we're going to ask questions about what's happening to the global economy, too, after Brexit in Europe and the election of an openly protectionist government in the U.S.

These last two events continue to create a lot of uncertainty. Difficult negotiations are now underway for the UK to leave the EU and for Mexico, Canada and the United States to redefine the free-trade agreement that has been the basis for trade relations since 1994. In both cases, you can expect a lot of shakeup.

As Raymond Bachand, chief negotiator for Quebec, has said: "There will be plenty of political and media turbulence in the months ahead." And if Twitter feeds are anything to go by, it's clear the U.S. President has no qualms about being a potential source of that turbulence.

Right now, it's hard to predict what the outcome will be.

As a result of changing economies, people—many people—feel abandoned. They feel that the system is unfair to them. They sympathize with political powers that feed on isolation—looking for scapegoats—and that offer overly simple solutions to increasingly complex problems.

---

The limits of unfettered capitalism have become clear. The desire for short-term profit prevents us from seeing down the road. This is not sustainable in the long run. It's wearing down our people and depleting our global resources at an alarming rate.

If we keep up this pace without making any changes, it won't be long before we see even more inequality, even more dissatisfaction, and a planet in even worse shape.

We need to get it right, now. We need to learn how to better share prosperity and protect the fragile balance of our planet's ecosystems.

For more balanced economic growth, we need to look at different sources of growth. We need to reduce inequality and school drop-out rates. We need to focus on training and reskilling the workforce. We need to take measures to improve air quality and better manage our water resources. We need to invest in intellectual property.

These are all elements that, traditionally, don't interest businesses. They must focus primarily, some even say exclusively, on profit. On creating value for shareholders. The rest is left to community and humanitarian organizations, governments and ecologists.

But we cannot continue down this road. We cannot rely on the law of the market or laissez-faire. As Emmanuel Faber, CEO of Danone said, "There is no invisible hand when it comes to doing the right or wrong thing."

The economy and society are both part of a larger whole. And if we, in business and finance, don't take care of the social aspect, if we don't take care of the people, the issues we're faced with today will only get worse.

### **Seizing the opportunity**

We have an opportunity here. We're now at a critical point in our shift in the areas of technology and the environment. We need to take advantage of the tremendous potential afforded us by this transition period.

Considerable investment will be required. In terms of the environment, a recent report from the OECD calculates that globally we need to invest an additional \$600 billion every year from now until 2030 to achieve our objective of limiting global warming to two degrees Celsius, as set in the Paris Climate Accord.

Technologically, the fourth industrial revolution, which is just getting underway, is a great source of opportunity. At the 2016 World Economic Forum in Davos, Executive Chairman spoke about the unlimited "possibilities of billions of people connected by mobile devices, with unprecedented processing power, storage capacity, and access to knowledge". And these possibilities will be multiplied by emerging technology breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, 3-D printing, nanotechnology and biotechnology.

All of these things open new doors for economic growth. It's up to our generation to develop this potential. It's also up to us to make sure that technological development serves human development and society as a whole.

---

## **Desjardins Group will do its part**

Desjardins Group will, of course, do its part.

We'll continue to promote financial literacy.

We'll continue to support initiatives that encourage kids to stay in school and get an education.

We'll continue to fight for social and environmental causes by adopting best practices in our operations, providing financial services that will influence consumer habits and being a socio-economic leader.

And being a socio-economic leader is what motivated us to invest an additional \$100 million in setting up a new fund, which over the next three years, will give us the means to make new investments and concentrate more on community projects.

All told, our two regional divisions in the Quebec City area will be investing close to \$11.5 million in local projects.

The new Académie Saint-Louis sports complex will be one of the first projects we'll support. This project will benefit local youth.

We're considering our options for other projects in areas like professional integration, entrepreneurial and economic development, and sports and recreational activities.

## **Seeking responsible, sustainable development that puts people first**

Our hope at Desjardins Group is that when our initiatives are combined with the initiatives started by your companies, we'll be able to make a difference. A really big difference.

There's still so much we need to do. We need to keep innovating to create an economy that puts people first, that's better for the environment, and that shares prosperity.

The only way we can make it happen is if we all get involved.

Cooperation isn't just a business model: it's a state of mind.

Cooperation is about working together and helping one another live in our global community.

It's a mindset that's definitely needed in today's world.

I urge you to join us in taking on this immense cooperative challenge to create a more responsible economy that puts people first.

Thank you!