



NOTES

FOR A SPEECH BY

GUY CORMIER,
PRESIDENT AND CEO
OF DESJARDINS GROUP

BEFORE THE ECONOMIC CLUB OF CANADA

**SUSTAINABLE ECONOMIC DEVELOPMENT IN A RAPIDLY CHANGING WORLD:
HOW DESJARDINS IS STEPPING UP**

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(Check against delivery)

Distinguished guests,
Ladies and gentlemen,

It's a pleasure and an honour to be today's guest at the Economic Club of Canada. I thank all of you for coming here to listen to me today.

The video clip we just saw gives you a sense of what Desjardins Group is all about—our cooperative model, our values, and our relationships with people and communities.

I would also add that Desjardins:

- has assets of \$290 billion.
- We had \$15.4 billion in operating income and \$2.15 billion in surplus earnings in 2017.
- And we have excellent capital ratios. Among the best in the industry.

Desjardins might be viewed as a predominantly Quebec organization, but we've grown quickly here in Ontario and in other Canadian provinces in recent years. With our acquisition of State Farm's Canadian operations in 2015, we're now Canada's third largest property and casualty insurer and fifth largest life and health insurer.

Since 2015, we've been building closer ties with the teams that joined us through this acquisition. We've given them the tools they need to offer their clients the full line of Desjardins savings and insurance products. By the end of next year, they'll all be operating as Desjardins Insurance.

That means there will soon be almost 500 former State Farm offices in Ontario, Alberta and New Brunswick with a Desjardins Insurance sign out front. And we'll be supporting this transition with a major promotional campaign, beginning at the end of this month.

As you can see on the screen, we're also a key player in Canada's life and health insurance and wealth management industries. In addition, we're very active nationally in capital markets serving corporate, institutional and public sector clients across the country. And our pension plan has invested hundreds of millions of dollars in Canadian infrastructure initiatives.

Today, 25% of Desjardins Group's total operating income comes from Ontario. And a third of it comes from outside Quebec. We want to keep these numbers moving in the right direction.

To make that happen, we'll focus on growing our operations across the board, including our caisse or credit union network in Ontario. We are also on the lookout for additional partnership and acquisition opportunities.

Last year, for example, Desjardins Group joined forces with five provincial credit union centrals, representing about 300 credit unions across the country, and the CUMIS Group to create Aviso Wealth. This new independent wealth management firm is one of Canada's largest, with more than 500,000 clients and over \$57 billion in assets under management and administration.

It's no coincidence that we partnered with the credit unions and with CUMIS, which is owned by The Co-operators. We believe in the power of cooperation. We believe in the importance of working with other cooperatives.

So contrary to what some may say, Desjardins is a nationwide cooperative financial group that serves all Canadians and their communities. We build relationships and business partnerships across the country.

Desjardins also has a global outlook

Desjardins Group is also a financial institution with a global outlook.

Earlier this month, I was in Paris, London and Brussels meeting with partners, speaking to chambers of commerce, and forging new ties with Europe.

Last year's provisional application of the Canada–European Union Comprehensive Economic and Trade Agreement is an incredible opportunity for Canadian businesses looking to diversify their markets.

The new United States–Mexico–Canada Agreement is also good news. It will help eliminate the uncertainty that has been hanging over the Canadian economy.

But because we already export so much to the United States and they are an unpredictable partner, Canadian businesses should look to Europe as well. And let's not forget the Asia-Pacific market, since Canada is a party to the Trans-Pacific Partnership.

At Desjardins, we want to help Canadian businesses diversify their trading partners.

That's why we've established a number of partnerships—one with Crédit Mutuel, a French cooperative bank with nearly 24 million clients in Europe and over 78,000 employees, and another with Siparex, a European company specializing in growth capital and business transfers.

Through these partnerships, we help Canadian businesses expand to the European market.

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I'd now like to spend some time telling you about the new Desjardins that we're building. About the vision I have for our cooperative group. And I want to talk to you about shared prosperity and the role we all have to play in it.

Striving for simplicity every day

Every day, we're working to build a Desjardins that is simple, modern, high-performance and people-focused.

Let's start with simplicity. Our goal is to make it even easier to do business with us. We're cutting the red tape, minimizing paperwork and using technology to make life easier for our members and clients.

We always ask members about the service they receive—including what frustrates them and causes them to be dissatisfied. We then eliminate these sources of frustration one by one.

We try to simplify our members' lives in a number of different ways. We offer electronic signature, for example. This new online authentication procedure allows members and clients to open an account and do their banking online without mailing us a thing or stepping foot in a caisse. Desjardins is one of the first financial institutions to offer this solution.

Modernizing our cooperative financial group and planning for the future

We also want Desjardins to be modern, so we use technology to meet our members' and clients' needs and expectations.

That's why we're speeding up our digital shift, particularly our move to mobile.

Our members and clients can do more on their own all the time. They can now buy auto insurance and submit claims on their smartphone. They can even renew their mortgage on their mobile device.

We're also using technology to help frontline employees provide members and clients with the service they need, when they need it. And to give employees more time to build business relationships with them.

But we don't use technology just for the sake of technology. For us, it is and always will be one of many ways of providing better service to our members and clients.

Delivering high performance for our members, clients and communities

Performance is also a priority at Desjardins. We must be high-performance if we're going to secure the long-term success of our cooperative financial group.

For us, being high-performance means continuously improving our member/client experience. But because we're in a competitive marketplace, there's a financial dimension as well. Market discipline compels us to be more efficient, financially sound and competitive all the time.

When we generate more earnings, we're able to improve our services and reinforce our position as a socioeconomic leader. We're also able to move ahead with our investment program to complete our digital shift, which will benefit our members and clients.

Keeping the focus on people

At the same time, we are working to build an even more people-focused Desjardins.

Being people-focused means being attuned to the needs and goals of the people we serve—and always acting in their best interest.

In the years following the financial crisis, we had to shift our focus to the more robust regulations and capital requirements that were rolled out. We had to implement new internal mechanisms and improve some of our financial ratios. Now that we've done all that, we're again focused primarily on our members and clients.

This is a big cultural shift. Rather than looking inward and concentrating on results, our focus is now on always doing what's best for our members and clients. We're measuring our success by their satisfaction.

To make sure we're doing what's best for our members and clients, we painstakingly reviewed our business, management and governance practices. Now we're promoting a set of behaviours that will help us keep the focus on members and clients.

We've made our expectations clear to our 45,000 employees. We've tied the behaviours into their performance evaluations. That's how we'll ensure that actions and behaviours are consistent across the organization.

Even in our tech-obsessed world, I believe that human interaction will remain important. Our elected officers and employees across Canada will continue to play a key role in fostering close relationships with members and clients. That's why we care so much about the experience we provide.

Supporting responsible, sustainable development that puts people first

Being people-focused extends beyond our organization as well. It means supporting inclusive growth and shared prosperity.

The form of capitalism that has developed in recent decades has caused significant collateral damage.

Now, all around the world, we're seeing the backlash against economic liberalism, big business and government. Wealth inequality is partly to blame.

While some have seen their financial lot improve over the past 30 years, many more have seen their status decline. Their jobs have been eliminated, offshored or replaced by machines. Or they've been hard hit by policy changes.

British-American economist Angus Deaton, winner of the 2015 Nobel Prize in Economics, has written extensively about these people. About the “accumulation of pain” and the “sea of despair”.

Society as we know it is at risk. Because with poverty and pain come distrust in institutions and a lack of motivation that can make people withdraw from society. Inequality also leads to scapegoating and political extremism, all of which increase instability.

If we turn a blind eye to wealth inequality, we’ll only perpetuate the frustration and dissatisfaction felt by this growing segment of the population. And that could lead us down a dangerous path.

But a more egalitarian society that is more supportive of those in need is more likely to foster trust in institutions, create a collective sense of security, spur citizen participation, encourage young people to take up the baton, and motivate people to get the skills they need to be productive members of society.

At Desjardins, this is the kind of society we want to keep building. If you share this goal, you must concede that the viability of our economic system depends on businesses taking on a larger socioeconomic role. Our society and our economy are part of a larger whole. And we as business and financial leaders must tend to the social aspect as well as the economic aspect. We must commit to a shared prosperity that will create a more balanced society.

Working toward a shared prosperity

Desjardins is acting on that commitment.

We’re working to move some of our operations to rural areas, which have been hit hardest by the economic changes. When we set up a new shared services centre to handle administrative services for our caisses, we made a conscious decision to open multiple locations across Quebec rather than one big location in Montreal or Quebec City.

That’s why we have nearly 500 employees working at call centres in Trois-Rivières in the Mauricie region, some 200 people in a collections centre in Saguenay in the Saguenay—Lac-Saint-Jean region, and almost 100 employees in a student advisory centre in Gaspé at the tip of the Gaspé peninsula.

In the same vein, we’ve created a \$100 million fund to support initiatives in every area we serve in Quebec and Ontario.

Caisse officers in Ontario are using the fund to support Foyer Richelieu-Welland, a long-term care facility in Welland, where such facilities are in short supply.

Supporting the shift to a low-carbon economy

All of us, regardless of our business model, also have a collective responsibility to protect the environment and fight climate change.

We all know there’s no Planet B alternative world. And there’s no hidden reset button we can hit to make Earth the way it was before.

The latest report by the Intergovernmental Panel on Climate Change released just 10 days ago reiterates the need for a rapid, far-reaching response to climate change. If we don't limit global warming to 1.5 °C above pre-industrial levels, the effects could be irreversible.

Yes, there are still some climate skeptics and deniers out there. But we can't give up the fight. On the contrary.

Last year, UN Secretary General Antonio Guterres said, "Climate change is undeniable. Climate action is unstoppable. And climate solutions provide opportunities that are unmatched (...) All of us—governments, businesses, consumers—will have to make changes. More than that, we will have to 'be' the change."

At Desjardins, we'll continue to hasten the energy transition as we have for over 25 years.

We've already invested over \$1 billion in renewables like wind and solar, and we'll continue to invest in them.

We'll continue buying carbon credits to offset our greenhouse gas emissions, which we've cut by more than 20% compared to 2008 levels.

We'll continue supporting individual and business members that are making the energy shift by offering a constantly updated line of green financial products, including insurance discounts on electric, hybrid and fuel-efficient vehicles.

Desjardins will also keep offering members and clients a variety of responsible investment options. In fact, we just launched 11 new RI funds. With 22 unique products, we now have the biggest RI fund lineup of any Canadian financial institution.

Many of our funds feature portfolios with a 25% smaller carbon footprint than their benchmark indices.

And we're making more and more of our business and investment decisions based on environmental, social and governance factors.

Cooperation: a path forward

In conclusion, I believe that cooperation is the only way to address the monumental challenges facing us today. Cooperation means working together. It means finding solutions to the challenges we face together. And above all, it means implementing these solutions together.

We live in a hyperconnected digital world. We also live in the same physical world—a world that's under threat. We're more interdependent than ever, and we need to talk and work together more than ever.

We must come together to overcome the challenges we face.

Not in some us-versus-them or zero-sum sort of way.

But by working with one another. By cooperating.

Thank you.