

WE

BELIEVE



Desjardins
General Insurance
Group

Cooperating in building the future



**THAT AS A P&C INSURER, WE CAN MAKE
A DIFFERENCE IN SOCIAL RESPONSIBILITY
AND SUSTAINABLE DEVELOPMENT**

DESJARDINS GENERAL INSURANCE GROUP

2010 SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT REPORT



AS AN INTEGRAL PART OF DESJARDINS, DESJARDINS GENERAL INSURANCE GROUP (DGIG) SUPPORTS THE SUSTAINABLE DEVELOPMENT POLICY ADOPTED IN 2005. THE POLICY OUTLINES SEVERAL PRINCIPLES, INCLUDING SUSTAINABLE DEVELOPMENT EDUCATION AND AWARENESS INITIATIVES FOR EMPLOYEES, CLIENTS AND DESJARDINS CAISSE MEMBERS. IT ALSO CALLS FOR PRODUCTS AND SERVICES THAT ENCOURAGE ENVIRONMENTALLY-FRIENDLY BEHAVIOUR.

The report outlines DGIG's corporate social responsibility and sustainable development initiatives for 2010 and, in some cases, for 2009, previous years and early 2011.

SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Corporate social responsibility is generally understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society.¹

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development is based on a long-term approach that takes into account the inextricable nature of the environmental, social and economic dimensions of development activities.²

1. Industry Canada, *Corporate Social Responsibility: An Implementation Guide for Canadian Business*, 2006.
2. Brundtland Report: *Our Common Future*, UN World Commission on Environment and Development, 1987.



IN KEEPING WITH THE COOPERATIVE VALUES OF DESJARDINS GROUP, CANADA'S LEADING COOPERATIVE FINANCIAL GROUP, DGIG CONTRIBUTES TO IMPROVING THE ECONOMIC AND SOCIAL WELL-BEING OF PEOPLE AND COMMUNITIES WITHIN THE COMPATIBLE LIMITS OF ITS FIELD OF ACTIVITY, WHILE MAINTAINING ITS FOCUS ON PROSPERITY AND SUSTAINABLE DEVELOPMENT.

DGIG demonstrates social responsibility through:

- Education, awareness and prevention
- Service accessibility and customer care
- Socially and environmentally responsible products
- Sustainable development and community involvement

DGIG also demonstrates social responsibility by striving to educate as many people as possible on the importance of taking preventive action to reduce the impacts of climate change.

In 2010, following negotiations that began in 2009, DGIG became the key private partner of The Climate Project Canada, an

organization that seeks to train people from all walks of life to raise awareness of climate change issues in their communities. This partnership confirms the business sector's key role in addressing Desjardins' top environmental priority: fighting climate change.

Climate change is a major issue in society today. It has a global impact on human and ecological health and all aspects of the economy and has been identified as a direct cause of property damage.

DGIG has partnered with The Climate Project Canada to help raise public awareness of the importance of finding solutions to slow and adapt to climate change in the pursuit of sustainable development.

EDUCATION, AWARENESS AND PREVENTION

HELPING POLICYHOLDERS PROTECT THEIR PROPERTY

For several years now, Desjardins Group's P&C insurer has offered not only insurance products, but also prevention tips to help policyholders protect their property from damage.

Every time we mail an insurance policy to a client, we include information capsules with tips on how to prevent fire, water damage and other risks. In addition, our website includes a risk prevention section with numerous articles. Work is underway to expand this online knowledge base.

EDUCATING POLICYHOLDERS

In automobile insurance, DGIG sends its policyholders a document entitled "What to do in the event of a loss" and an accident report, along with their insurance certificate.

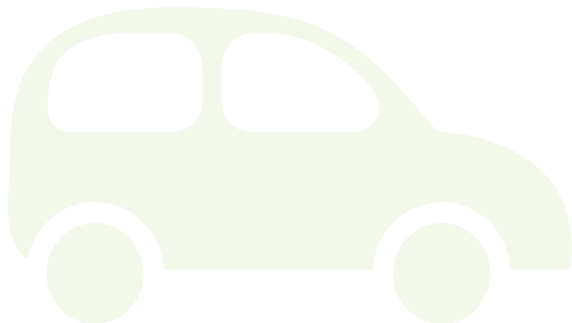
The 2010 Operation Red Nose campaign sponsored by Desjardins General Insurance (DGI) included a road safety quiz prepared by the *Société d'assurance automobile du Québec*. In early 2011, as part of its sponsorship of the Montreal International Auto Show, DGI handed out educational kits to visitors who requested a quote or who showed interest in our products.

DGIG also publishes educational capsules in Desjardins caisse publications for members.

In early 2010, as part of a large-scale policy update project, DGIG contacted its policyholders to make sure their insurance coverage still met their needs. Over 50,000 policies were updated to reflect new needs.

EXPANDING EDUCATIONAL INITIATIVES

In 2010, DGIG adopted an action plan to educate consumers about P&C insurance, slated for implementation in 2011 and 2012. The plan will solidify and consolidate all of our P&C insurance educational, awareness and prevention initiatives. The target audience is clients, employees, Desjardins caisse members and the general public. In addition, educational initiatives are now included in the corporate objectives under the incentive plan for employees and managers.



SERVICE ACCESSIBILITY AND CUSTOMER CARE

PROVIDING ACCESSIBLE SERVICES

DGIG boasts 550 P&C insurance points of sale in Quebec throughout the Desjardins caisse network. It also serves clients in Quebec and other provinces through state-of-the-art client care centres. Qualified agents serve clients in both English and French.

DGI's website features an online automobile and home insurance quoter to facilitate service accessibility. In June 2010, DGI became the first insurer in Canada to offer tenant insurance quotes through a smartphone application. The automobile insurance quoter was launched in September. Approximately 48% of new clients at The Personal Insurance Company and 69% at DGI request an insurance quote online.

Fast claims service is key to social responsibility at DGIG. The claims department is open 24 hours a day, 365 days a year.

SERVING CUSTOMERS' INTERESTS

DGIG provides climate change leadership within the P&C insurance industry, helping to update insurance product offers, while reflecting the needs of clients. DGIG is a member of various P&C insurance industry organizations, including the Insurance Bureau of Canada and the *Groupement des assureurs automobiles du Québec*. These organizations deal with many subjects, some social in nature.

For example, DGIG is part of the Fraud Consortium, a group of insurers fighting fraud and system abuse, which are major concerns in the Ontario automobile insurance industry. Fraudulent claims are common, particularly staged accidents. This inevitably leads to premium increases for drivers and causes safety hazards on the roads, as drivers are often unwitting participants in staged accidents.

In response, DGIG is developing tools to detect claims with a high risk of fraud. DGIG's expertise in this area is recognized within the Fraud Consortium, whose members use their combined knowledge and influence in Ontario to reverse this trend, which hurts not only insurance providers, but above all consumers.



SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE PRODUCTS

ENVIRONMENTALLY RESPONSIBLE PRODUCTS

The cooperative difference and sustainable development are priorities in DGIG's strategic plan, given its role as a manufacturer and distributor of products and services. This plan includes a commitment to deliver a number of key initiatives, particularly with respect to developing socially and environmentally responsible products.

In January 2006, DGIG introduced a premium reduction for hybrid vehicles, providing savings of up to 15%.

This was followed by the introduction of a 10% premium reduction for fuel-efficient vehicles in Quebec in August 2010 and a 20% reduction for electric vehicles in February 2011.

We also offer a 10% premium reduction for LEED-certified dwellings and companies. Desjardins is watching this segment closely to determine how it can best support and foster this emerging market.

GREEN INSURANCE PRODUCTS

Green insurance products	2010	2009	2008	2007
Number of hybrid vehicles insured with a premium reduction	3,702	2,821	2,563	1,674
Value of premiums for hybrid vehicles	\$3,298,426	\$2,464,627	\$2,213,143	\$1,523,167
Number of LEED-certified buildings insured with a premium reduction	6	7	3	—
Value of premiums for LEED-certified buildings	\$2,775	\$4,037	\$1,574	—

The number of hybrid vehicles increased by over 121% between 2007 and 2010.

WIN FOR A GOOD CAUSE CONTEST

In 2009, DGI combined product promotion with community involvement, through the *Win for a Good Cause* contest. Seven winners among DGI clients and consumers who requested an automobile or home insurance quote shared \$25,000 in prizes, and DGI donated an equal amount to charities chosen by the winners. Following the success of the 2009 campaign, DGI launched a similar contest in 2010.

DESJARDINS AID FUND

DGI's Desjardins Aid Fund is used to help DGI policyholders and Desjardins members who find themselves in a precarious financial situation following a loss not covered by their insurance policy. An annual budget of 1% of DGI's net income, up to \$1 million, is allocated to the Fund. In 2010, it was used to help several families.

SUSTAINABLE DEVELOPMENT AND COMMUNITY INVOLVEMENT



DGIG DEMONSTRATES ITS COMMITMENT TO SUSTAINABLE DEVELOPMENT AND COMMUNITY INVOLVEMENT THROUGH TANGIBLE MEASURES.

SUSTAINABLE DEVELOPMENT INITIATIVES

In 2010, the “DGI Green Team” visited Montreal, Quebec City and Sherbrooke. Carpoolers, cyclists, pedestrians and public transit users were offered fair-trade coffee in a reusable mugs. This initiative was designed to raise awareness of the importance of adopting more environmentally-responsible behaviour, highlight Desjardins Group’s and DGIG’s commitment to sustainable development, and support the launch of the Green Discount.

DGIG is committed to furthering its knowledge of the risks related to climate change in order to proactively influence communities on how to offset and limit the impacts of climate change.

DGIG also does its part for sustainable development by reducing the environmental impact of its operations. We have taken a number of steps in this direction—both small and large. Examples include:

- Waste management (e. g. recycling electronic waste such as monitors, computers, printers and cell phones and a range of consumable products, fibres and materials such as paper, glass, metal, plastic, batteries, fluorescent tubes and carpets)
- Energy efficiency (e. g. installing LED lights, replacing some electrical controls, installing a rotary heat exchanger, and free-cooling the server room with outside air in the winter)
- Responsible consumption (e. g. exclusive use of Enviro-Technik Environmental Choice certified cleaning supplies)
- Promotion of environmentally-friendly transportation (e. g. encouraging employees to use a shuttle to travel between Montreal and Lévis)

In addition, in March 2011, DGIG began applying the Desjardins Funds Policy on the Exercise of Proxy Voting Rights to its investment portfolio. This policy respects the values of social responsibility and the general principles of responsible investment and sustainable development. With the application of the policy, all common shares held directly in the DGIG investment portfolio that are represented by proxies are voted on in compliance with the letter and spirit of this policy at all meetings of holders of these securities.

PAPER CHALLENGE

With the Paper Challenge, we have significantly reduced the company's paper consumption and promoted the use of recycled paper (100% post-consumer fibres). The fibre-washing process involved in manufacturing recycled paper uses no chlorine and 80% less water than the average for other products. The fibres can be used up to seven times.

CLIENT SATISFACTION

The overall satisfaction rate of DGIG clients is 94%. This includes clients who gave us a 7, 8, 9 or 10 out of 10 for sales, customer service and claims. Approximately 72% of clients gave us a 9 or 10 out of 10.

Client satisfaction	2010	2009	2008	2007
Clients who gave DGIG a 9 or 10 out of 10	72%	70%	70%	71%

Paper Challenge results	2010	2009	2008	2007
Number of sheets used	6,442,893	8,715,378	13,003,515	16,913,412
Consumption in metric tons	29.85	40.27	59.45	77.43
Paper savings over 2007 (number of sheets)	10,470,519	8,198,034	3,909,897	–
Usage of 100% recycled paper	100%	100%	100%	100%
Recycled ink cartridges	74%*	100%	100%	100%

* Non-recycled ink cartridges had to be purchased for new printers for which recycled cartridges were not available.

DONATIONS AND SPONSORSHIPS

DGIG demonstrates its commitment to communities with donations and sponsorships, either through direct donations to organizations (see chart) or through contributions to Desjardins Group's community development funds.

SCHOLARSHIPS FOR COLLEGE STUDENTS

Recognizing the value of education, DGIG awards scholarships to college students and participates in the *Fondation Desjardins* scholarship programs. The company awarded three academic merit and English immersion scholarships in Montreal and Quebec City in 2010.

OPERATION RED NOSE: A RESPONSIBLE PARTNERSHIP

2010 marked DGI's 26th year of partnership with Operation Red Nose (ORN) in Quebec. This organization offers a designated driver service during the holiday season for drivers who have been drinking or feel unable to drive. Since the beginning of this partnership, DGI and Desjardins Group have donated over \$3.5 million to this organization, in addition to providing insurance coverage for ORN offices and equipment and the cars of its volunteers, clients and organizers.

DGI has also convinced other automobile insurers to apply special rules to policyholders who participate in ORN. Basically, if an ORN volunteer is involved in an at-fault or not-at-fault accident with a vehicle insured by Desjardins or another automobile insurer, it will not be considered an aggravating factor on the person's record, meaning there will be no premium impact. This measure was adopted by DGI in 2009 and by other insurance companies in 2010.

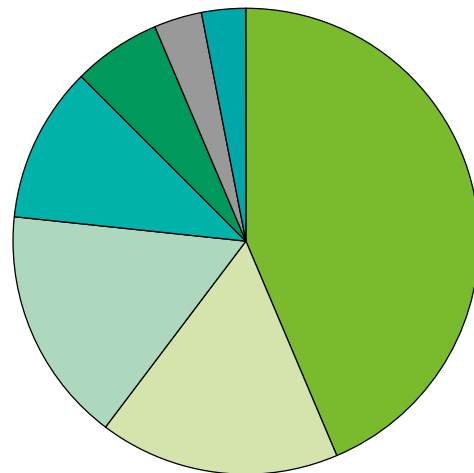
EMPLOYEES' GENEROSITY

The generosity and commitment of DGIG employees is remarkable. DGIG and its staff supported many causes in 2010, including the Centraide campaign, which is used to fund programs and services focused on improving conditions for the economically disadvantaged.

For the fourth year in a row, DGIG employees put on a benefit concert as part of this fundraising campaign. Once again, the show was a major success. In addition, by sending online solicitation cards to employees by email, we were able to significantly reduce the use of paper in the campaign. This was the second year that electronic solicitation was used. In 2010, a total of \$110,000 was raised, including the corporate donation.

In 2009, DGIG was named a *Corporate Star* by Centraide. This program recognizes the active participation of organizations.

Community donations and sponsorships for 2010	
Arts and culture	\$211,000
Economic development	\$235,000
Education (student seminars, educational institutions, etc.)	\$151,000
Humanitarian organizations (United Way, Oxfam, Red Cross, etc.)	\$39,000
Health and community services (hospitals, <i>Opération Enfant-Soleil</i> , Operation Red Nose, etc.)	\$627,000
Sports and recreation	\$79,000
Environment	\$48,000
Total	\$1,390,000



Percentage of donations and sponsorships by category

- Health and community services: 43.7%
- Economic development: 16.6%
- Arts and culture: 16.3%
- Education: 10.9%
- Sports and recreation: 6.1%
- Environment: 3.3%
- Humanitarian organizations: 3.1%



IN CONCLUSION

Through its products, behaviour, and joint initiatives with Desjardins Group, DGIG demonstrates its strong commitment to social responsibility and sustainable development, concepts which are perfectly compatible with DGIG's values. With the adoption of a 2011-2012 cooperative difference and sustainable development action plan, DGIG plans to improve its actions and extend its presence in these fields in the coming years.

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