

Committed. Connected.

2021 Annual Report
Desjardins Group Pension Plan



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Information

rcd-dgp.com/en

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Notes to the reader

This annual report was produced by the Desjardins Group Pension Plan Division.

This document is for information purposes only. In the event of any discrepancies between this report and the Desjardins Group Pension Plan Regulation, the Regulation shall prevail.

The letters M and B designate millions and billions respectively.

Returns are gross of investment management fees.

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MESSAGE FROM THE CHAIR



The strategies we’ve put in place in recent years have enabled us to return to financial stability. The Desjardins Group Pension Plan (“DGPP” or “Plan”) is committed to supporting you by promising to deliver retirement income that is determined in advance and protected against market uncertainties.

A return to full financial health

After fourteen years of sustained efforts, we are pleased to announce that the Plan has fully returned to balance, both on a funding basis and now on a solvency basis. This achievement shows that the strategies that we’ve developed and implemented have resulted in a very solid financial position for the Plan. You can enjoy peace of mind knowing that the DGPP is stable, and your retirement income is safe and sound.

Supporting members’ financial empowerment

Desjardins Group ranks among Canada’s 100 best employers in 2022¹. The importance of the pension plan and the services available for planning this pivotal step in their lives are factors that contribute to the well-being of Desjardins’s employees and they’re the reason that the organization has earned this type of recognition.

The 95% satisfaction index achieved this year is proof that Member Services is delivering very high-quality services. Not to mention the 97% recommendation rate, which shows that these services are highly appreciated. Contact Member Services today! They’ll answer all your questions about the Plan to help you make informed decisions.

Working toward a more equitable and diverse future

Working together with Desjardins Group, the Plan is committed to a transition to a more sustainable economy and aims to be a leader in responsible investment.

To do this, integrating environmental, social and governance factors was once again a priority in the Plan’s investment process in 2021. We also clarified the roles and responsibilities of the Plan’s governing bodies in this respect. In the short term, we’ll continue to define and refine our vision of responsible investment in the best interests of Plan members and our communities.

A clear plan for the future

We have to stay humble and alert to meet tomorrow’s challenges. In this changing world, our goal is to ensure the Plan’s sustainability so that we can pay the promised benefits to every DGPP member. We take a proactive approach to achieve this goal, by:

- Maintaining strong governance to ensure rigour in execution
- Creating a centre of expertise to conduct the integrated financial management of the Plan with respect to risks and funding requirements
- Recruiting new young talent to act as the next generation of experts for the Plan
- Developing diverse and carefully chosen partnerships worldwide
- Organizing focus groups with members to assess Plan communications and modernize the tools and services we offer, based on members’ needs

Although the Plan’s financial position is enviable, the retirement committee remains vigilant and is committed to always doing what’s best for DGPP members, today and in the future.

Yvon Vinet
Chair, Desjardins Group Retirement Committee

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2021 HIGHLIGHTS

Our mission is to:
ensure that every member of the DGPP is paid the benefits they’ve been promised



Robust

Our Plan management approach focuses on stabilizing and improving its financial health over the long term.

122%
Funding

The Plan’s ability to meet its obligations over the long term



Secure

Our financial strategies are paying off: the Plan has returned to balance.

101%
Solvency

The Plan’s ability to meet its obligations if it were terminated

Committed to helping you achieve financial empowerment





Here for you

We're here to keep you up to date and help you make informed decisions.

77,700
Plan members

45,900 active
22,200 retired
9,600 deferred

95%
Satisfaction
With the overall service experience



Sustainable

Responsible investing plays a key role in the Plan's asset mix.

Strong commitment
Strengthened governance for responsible investing, and more stringent expectations of our strategic partners

\$1B
Investments
in renewable energy infrastructure

*Committed to doing the right thing,
today and in the future*



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FINANCIAL POSITION



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A return to financial stability

In 2021, rising interest rates and the outstanding returns achieved by the performance portfolio yielded an improvement in DGPP’s financial health, with the total return exceeding the long-term target.

We’re proud to report that the Plan has now been restored to full financial health, both in terms of the funding and solvency basis, for the first time since 2004. We’d like to recognize the financial efforts made by employers and members over the last few years. Combined with excellent returns in the past, as well as thorough and consistent implementation of our innovative strategies, the DGPP has returned to balance.

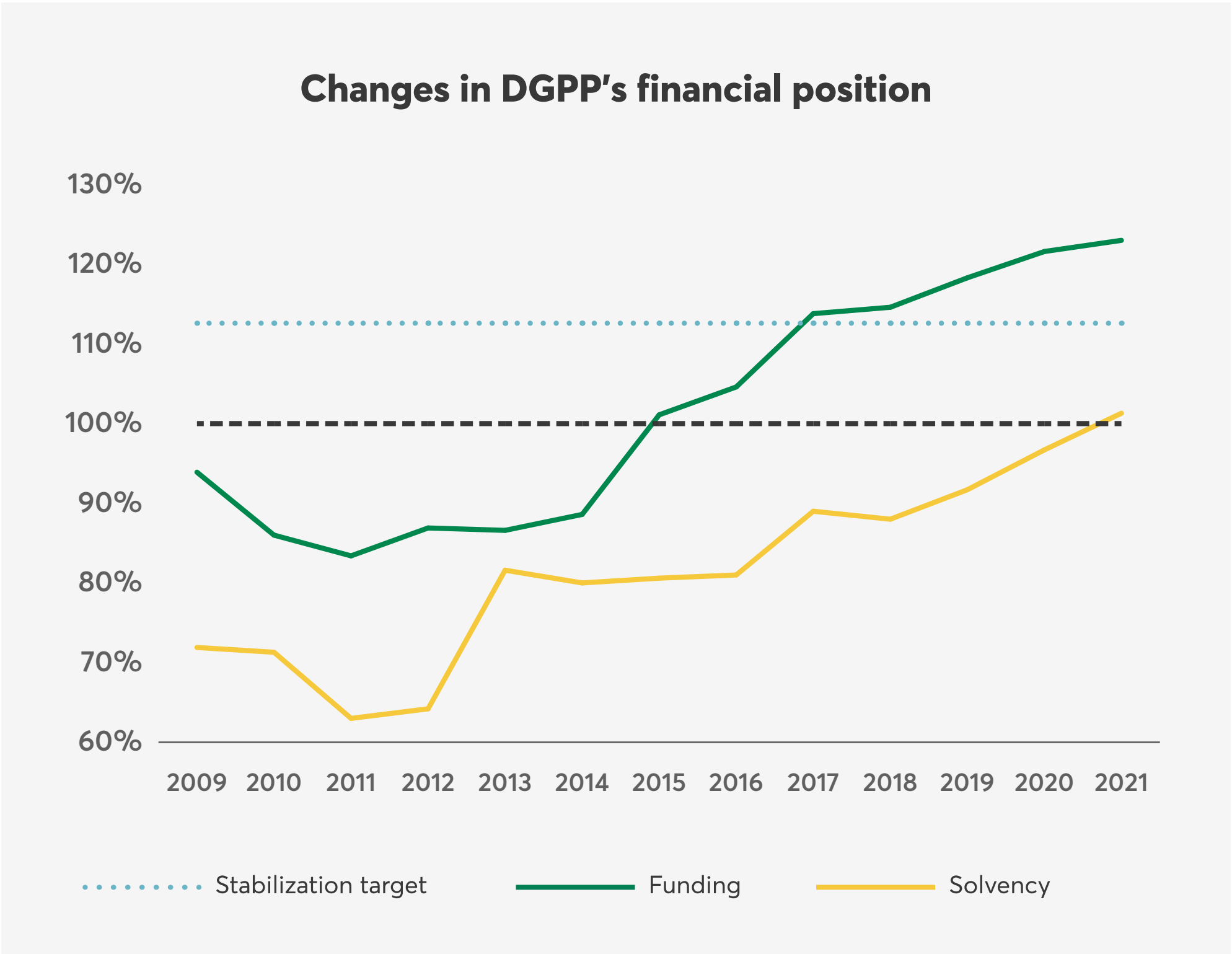
The most recent financial review of the Plan dated December 31, 2021, estimates that the Plan’s funding ratio remained stable at 122%. This is well above the stabilization target of 113% set by the Quebec government, which remained the same again this year for the DGPP.

As well, the update to the financial position in terms of solvency reveals that the Plan finally has achieved balance, with a ratio that increased from 96% to 101% in late 2021. As a reminder, we no longer need to fund the Plan on a solvency basis. However, its valuation is still important, because it guarantees the full reimbursement of the value of the benefits, should they be transferred if membership ceases or if the Plan is terminated.

Appropriate funding to maintain a balanced Plan

According to the contribution formula in place, new contributions totalizing \$770M will be placed in the DGPP in 2022 by the employees and the employer. This amount being larger than the minimal contribution required by Retraite Quebec, the difference will contribute to maintain equilibrium on every sides. Given the financial situation of the Plan, work will be done in 2022 to review the applicable contribution levels starting in 2023.

The strategies we’ve put in place in recent years have enabled the Plan to return to full financial health



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STRATEGIES



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RISK MANAGEMENT

The Plan’s risk management strategy is constantly evolving, positioning us as a leader in industry best practices. Now that the Plan has been restored to full financial health across all bases, our focus is to protect its assets to the maximum extent possible. We take sufficient risks to ensure adequate returns over the long term, while implementing strategies to stabilize and maintain the financial health of the Plan under a range of plausible scenarios.

The Plan’s risk management activities involve modelling, projections and simulations that are updated continually. They are a key part of building the overall portfolio and inform all investment decisions.

Since the Plan can have repercussions on the organization, we ensure that we comply with Desjardins’s policies and limits in terms of risk taking, specifically the risk budget. This is one of the most important variables underlying our strategy.

Main risks

Interest rate risk

Changes in interest rates have a direct and substantial effect on the Plan’s health.

Market risk

Financial markets’ volatility could lead to negative returns affecting the required contributions in order to finance the Plan.

Longevity risk

A longer than estimated members’ lifespan or a mortality table update could lead to higher costs.

Liquidity risk

The Plan must have enough money available to fulfill its financial obligations at all times.



Mitigation measures

An exhaustive risk register

The main purpose of the risk register is to identify risks to the Plan’s administration and financial management. Each risk is assessed and tracked using indicators with set targets and checkpoints. The tracking process helps make sure we meet objectives by identifying the causes when risk levels are exceeded and correcting the strategy if needed.

A resilient asset allocation strategy

Assets are allocated dynamically, based on risk coverage, to ensure cost-effective funding and to maximize the Plan’s resiliency to as many economic scenarios as possible.

A targeted investment approach

The investment plan identifies the role that the major asset classes play in the portfolio and what features investments should have. We follow a rigorous investment process to make sure that investment decisions and objectives are consistent.

A customized mortality table

To better estimate how long Plan members will live, the Plan customizes the standard Canadian mortality tables on an annual basis using actual DGPP members’ experience and socio-economic analyses.

STRATEGIC ASSET ALLOWANCE

A strategy that is paying off

The results achieved over the last few years show that our strategies are working. With the expertise of our existing teams and ongoing initiatives to optimize all of our activities, we are prepared to deal with uncertainty and the challenges that await.

Two separate portfolios, two different goals

The Plan’s assets are divided into 2 portfolios with different goals. These portfolios contain asset classes that are chosen to achieve the objectives of the total portfolio.



Matching portfolio

Objective: Achieve the target matching level between Plan assets and liabilities to protect the Plan’s financial health, minimize volatility and comply with the organization’s risk budget.

Liabilities, namely the value of the Plan’s commitments to members, depend to a large extent on interest rate changes. For effective matching, the portfolio includes securities that are sensitive to interest rate fluctuations, such as fixed-income securities and other derivatives.

The objective of the matching portfolio is not to predict interest rate changes, but to match liabilities. Normally, when rates rise sufficiently, both the matching portfolio and liabilities yield a negative return. However, even in this context, if the matching portfolio outperforms the liabilities, the financial health of the Plan will improve.



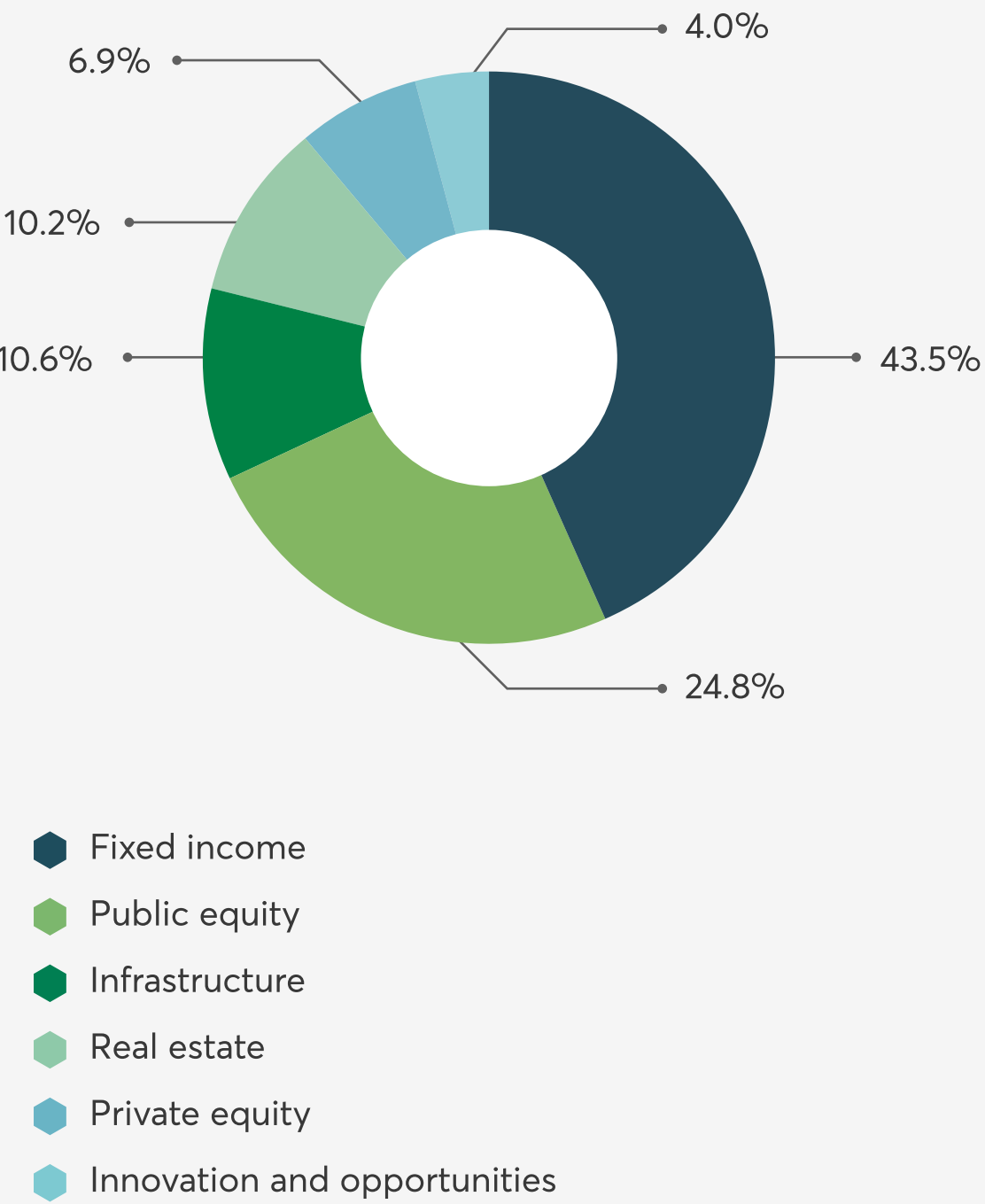
Performance Portfolio

Objective: Promote the achievement of the Plan’s long-term return target to maintain contributions at a reasonable level for plan members and employers.

The performance portfolio comprises asset classes that include public equity, real estate, infrastructure, private equity, and innovation and opportunities.

The goal of the target distribution is to benefit from the diversification effect among different asset classes, to achieve the long-term return target. Our investment teams are always on the lookout for innovations with good prospects for return, based on risk and the extent to which new investments might complement the total portfolio.

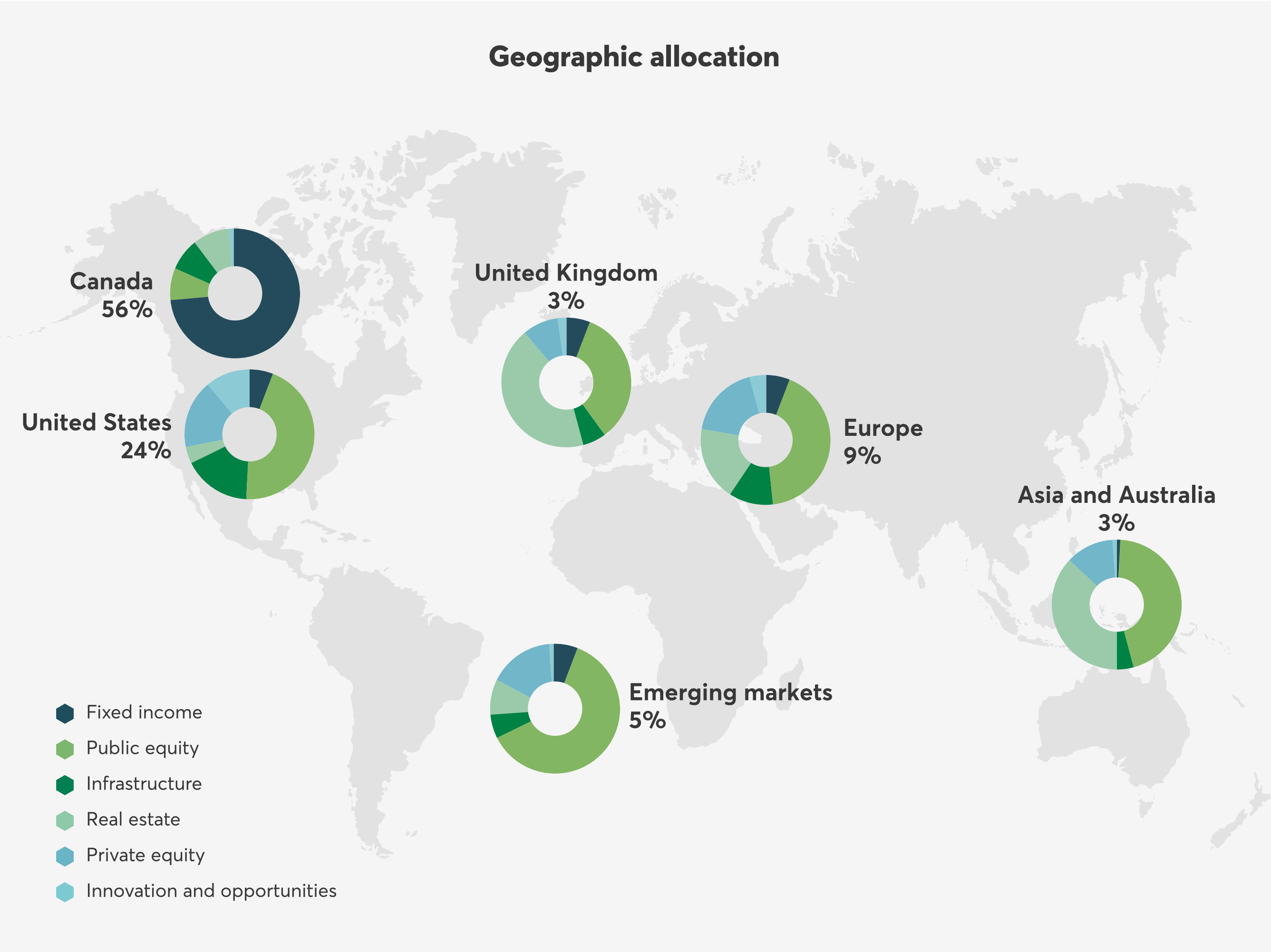
Asset allocation as at December 31, 2021



- Risk management
- Strategic asset allowance
- Global presence

GLOBAL PRESENCE

In the current context of heavy competition for quality assets, the Plan is active internationally in order to seize the best investment opportunities. It is a performing investor that distinguishes itself with its prestigious partners.



A few of our valued partners

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RESPONSIBLE INVESTMENT

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DGPP'S APPROACH

Responsible investment at Desjardins — Levering the group's strength

For a number of years, Desjardins has demonstrated leadership in responsible investment (RI) and continues to do so. It increases the degree to which environmental, social and governance (ESG) factors are considered across its business units. In 2021 Desjardins set itself the ambitious goal of becoming the financial institution with the broadest commitment to educate about RI, to offer access to RI and to help adopting RI practices in Canada.

As part of its strategy to achieve this goal, Desjardins was the first Canadian financial institution to become a signatory to the Principles for Responsible Investment (PRI), Principles for Responsible Banking and the Principles for Sustainable Insurance, three international organizations that were created with the support of the United Nations.

As a signatory of PRI, the DGPP benefits from Desjardins's responsible investment expertise and contributes to it. The DGPP therefore adopted the same approach used by Desjardins Group by excluding investments associated with tobacco, thermal coal and weapons of mass destruction, reducing the carbon footprint of its portfolio and allocating an important portion of its portfolio to renewable energy infrastructures.

RI—a key focus for DGPP

To recognize the growing importance of RI in our investment strategies, in 2021 we embarked on a process to define and to clarify our vision of RI.

First, it was essential to acknowledge that our investment activities have a significant normative impact on communities here and elsewhere. We recognized that not only do the financial decisions taken by the DGPP contribute to our members' financial well-being, but they also influence social norms, by facilitating access to capital for certain business models at the expense of others.

Once this established, we wondered how we could help launch innovative business models in the areas of the environment, the society or the governance. The professionals at the DGPP operate in a diverse world of strategic relationships that provide access to a broad network of world class asset managers. As a result of the thorough nature of its processes and the reliability of its performance over the years, the DGPP is a preferred partner for its global counterparts in many asset classes. This allows us to exert our influence by making clear our expectations in terms of RI and by selecting managers who can demonstrate meaningful consideration of the impact of their environmental, corporate and governance activities.

Financial markets are complex environments, and incorporating ethical considerations into responsible investment is sometimes challenging. For this reason, our approach is cautious and gradual, with confidence that we are helping to build a future that is more equitable and diverse, with prosperity for future generations.



2021 ACHIEVEMENTS



In 2021, the DGPP made RI one of its priorities

- Hiring an RI practice leader to strengthen and consolidate RI governance and the Plan's activities
- Benchmarking RI best practices against those of our peers
- Assisting the RI team with the investment review process
- Consolidating RI governance by assigning clear responsibilities to governing bodies and to the DGPP teams
- Setting up an RI strategic committee



Renewable assets

In 2021, DGPP has committed \$130 million to a new \$1 billion investment platform for the renewable energy sector in North America. Other Desjardins Group entities also contributed to this investment. In total, Desjardins' participation¹ amounts to \$330 million. The organization thus became the main strategic investor in this platform with the international alternative asset manager Power Sustainable (a subsidiary of Power Corporation of Canada).

At the end of the year, the renewable energy sector accounts for nearly 50% of infrastructure investments. In fact, 100% of the DGPP's direct energy infrastructure investments are in the renewable energy sector.

¹ Includes a mandate managed by Desjardins on behalf of a third party.



BEACON SOLAR FARM
Rhode Island, United States
Partner: Power Sustainable Energy Infrastructure



GOLDEN SOUTH WIND FARM
Saskatchewan, Canada
Partner: Power Sustainable Energy Infrastructure

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Pursuing the goal of reducing our carbon footprint by 20%

On December 31, 2021, the publicly traded securities in DGPP's portfolios had a 25% smaller carbon footprint than the average of companies listed on the stock and bond indexes, compared to a figure of 21% on December 31, 2020.

In 2022, we'll strengthen our climate change goals and expectations by working closely with Desjardins Group teams to develop new and even more ambitious targets and using the [Science-Based Targets methodology](#).



Exclusions: coal and weapons of mass destruction

Generally, the DGPP favours shareholder engagement strategies and cooperation with its managers to promote the consideration of ESG issues. However, in some cases, it may be necessary to exclude specific industries that are the subject of international treaties, and when shareholder engagement initiatives by our portfolio managers cannot obtain satisfactory results.

In cooperation with Desjardins Group entities, the DGPP made the decision to withdraw from the thermal coal sectors and companies associated with the manufacture of non-conventional or mass destruction weapons. This was in line with the earlier exclusion of cigarette makers from the Plan's investments.

91%

Portfolio composition

including managers who are PRI signatories

(based on fair market value)

In 2021, 54 of DGPP managers were signatories of the Principles for Responsible Investment (PRI), compared to 45 in 2020. By becoming signatories, they undertake to promote responsible investment practices and incorporate them into their investment process. They must also publish key information which, in turn, allows us to better assess their RI performance.



Exercising DGPP voting rights

We want to have a positive influence on the companies that we invest in. To achieve this goal, DGPP has developed a policy that defines the conditions governing the exercise of proxy voting rights for securities held in its portfolios. This policy includes rules of sound governance, and a section on corporate social responsibility. [The key elements of the policy](#) are available on the DGPP website.



In 2021, the DGPP exercised its voting rights at 2,317 shareholder meetings.



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ASSET MANAGEMENT



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ECONOMIC CONTEXT

The COVID-19 pandemic remained a major topic in 2021. The emergence of the Delta and Omicron variants forced many governments to reinstate restrictive health measures.

In spite of everything, 2021 proved to be very positive in terms of recovery in goods manufacturing, the services sector, and the labour market. However, not all sectors recovered at the same pace in Canada, and some sectors are still experiencing significant delays.

Inflation also increased significantly in 2021 in several regions worldwide, mainly due to the disruption caused by the pandemic. Canadian inflation, boosted by oil and real estate prices, reached levels that had not been seen since the early 1990s.

Central banks had to make adjustments in response to this surge. The Bank of Canada ended the quantitative easing policy it had adopted to support the economy. The Bank of Canada’s more restrictive posture, combined with the strong economic recovery, supported a rise in interest rates over the course of the year. This rate increase negatively impacted bond performance. However, it resulted in a decrease in the pension fund’s liabilities, improving the Plan’s financial health.

Finally, North American stock market indexes showed a strong upward trend throughout the year, thanks to the economic recovery and strong performance by large businesses, with profits quickly jumping to new historical highs. Excellent asset performance helped to consolidate the significant improvement in the Plan’s financial health during the course of the year.



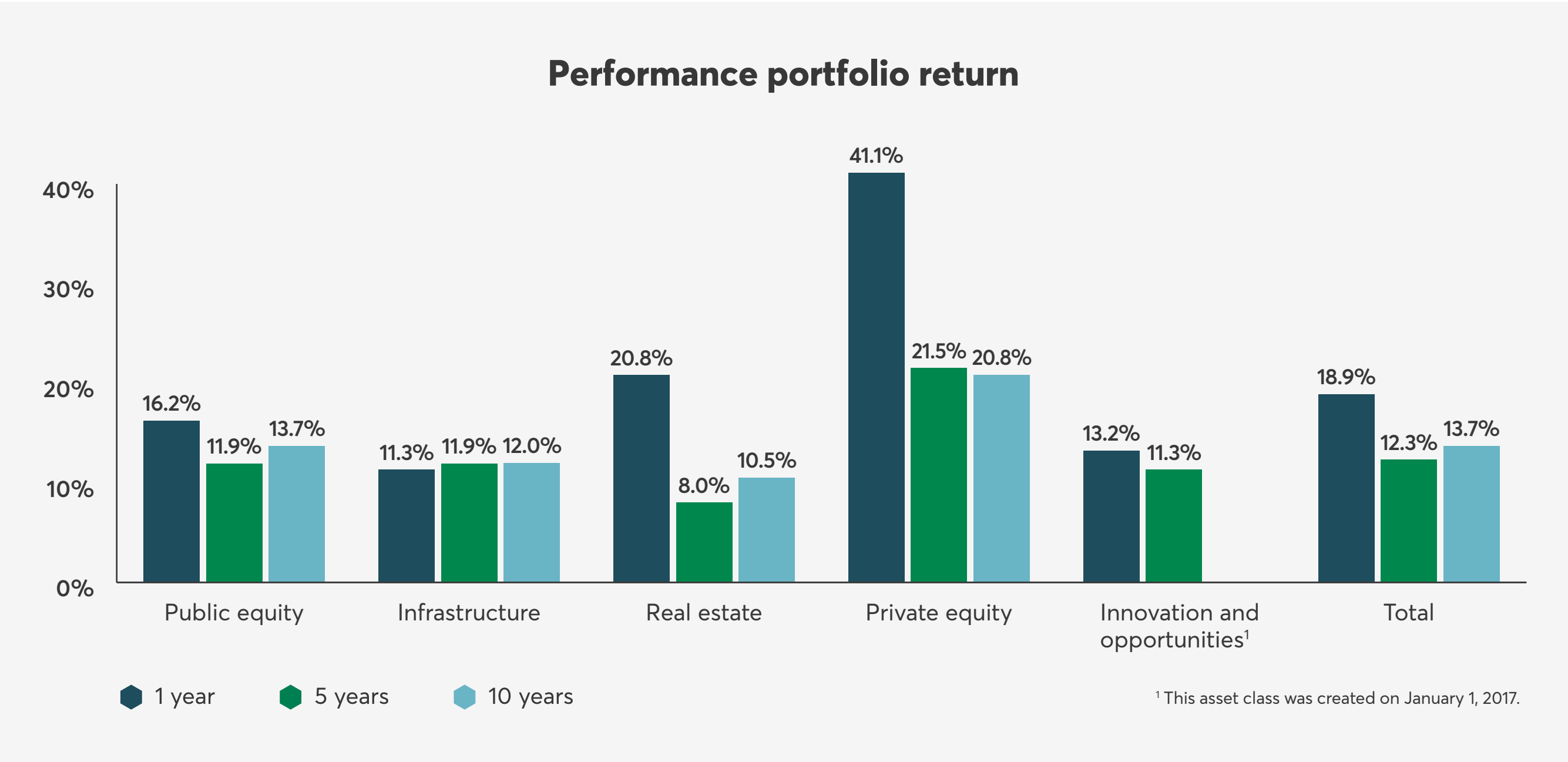


PERFORMANCE PORTFOLIO

Exceptional contribution of the performance portfolio in 2021

The objective of the performance portfolio is to promote the achievement of the Plan’s long-term return target in order to maintain contributions at a reasonable level for plan members and employers.

In 2021, this portfolio posted a return of 18.9%, with a value added of \$332.9M compared to the benchmark. All the performance asset classes made positive contributions, posting returns over 10%. In terms of longer-term investments, all asset classes performed well with the 10 years annualized return outperforming their benchmark indexes, playing a major role in the improvement of the DGPP’s financial health.



18.9%
Return

\$332.9M
Added value

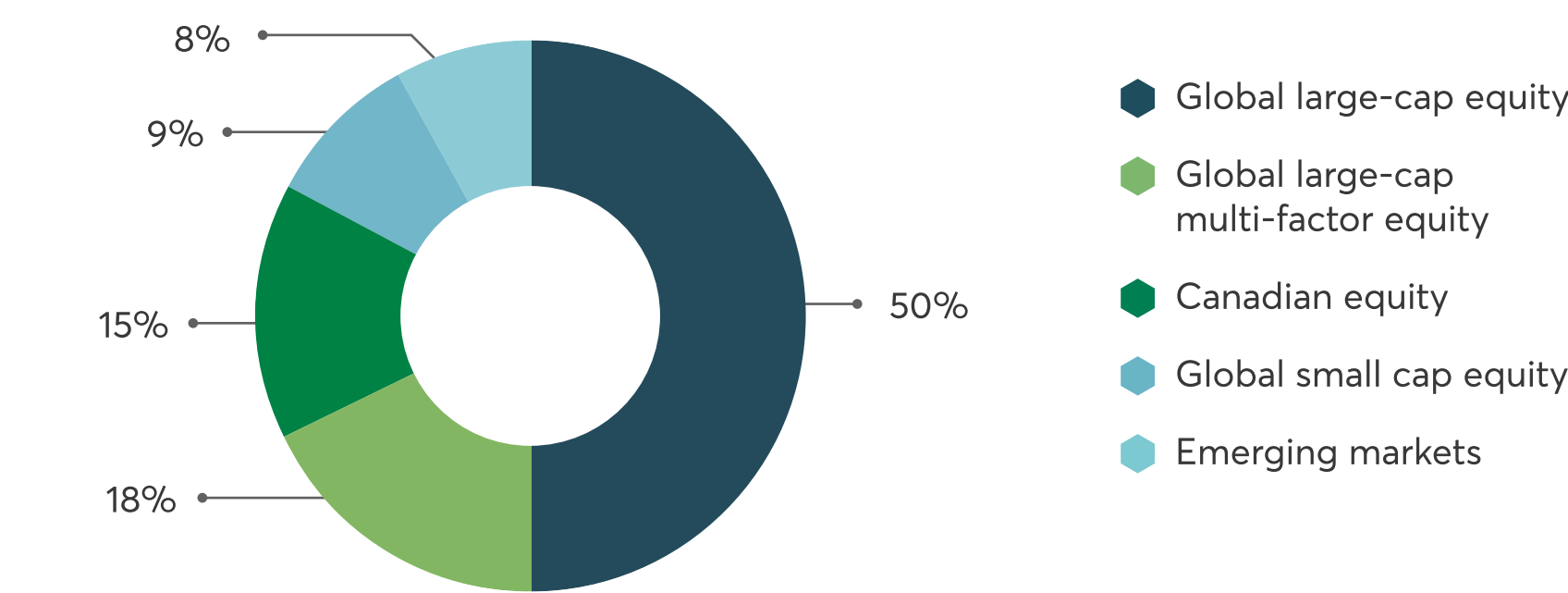
13.7%
10-Year annualized return

PERFORMANCE PORTFOLIO

Strategy and result by asset class

PUBLIC EQUITY				
\$4.4B	24.8%	16.2%	18.7%	-2.5%
Net assets	of total assets	Return	Target	Added Value

Strategic allocation



Strategy

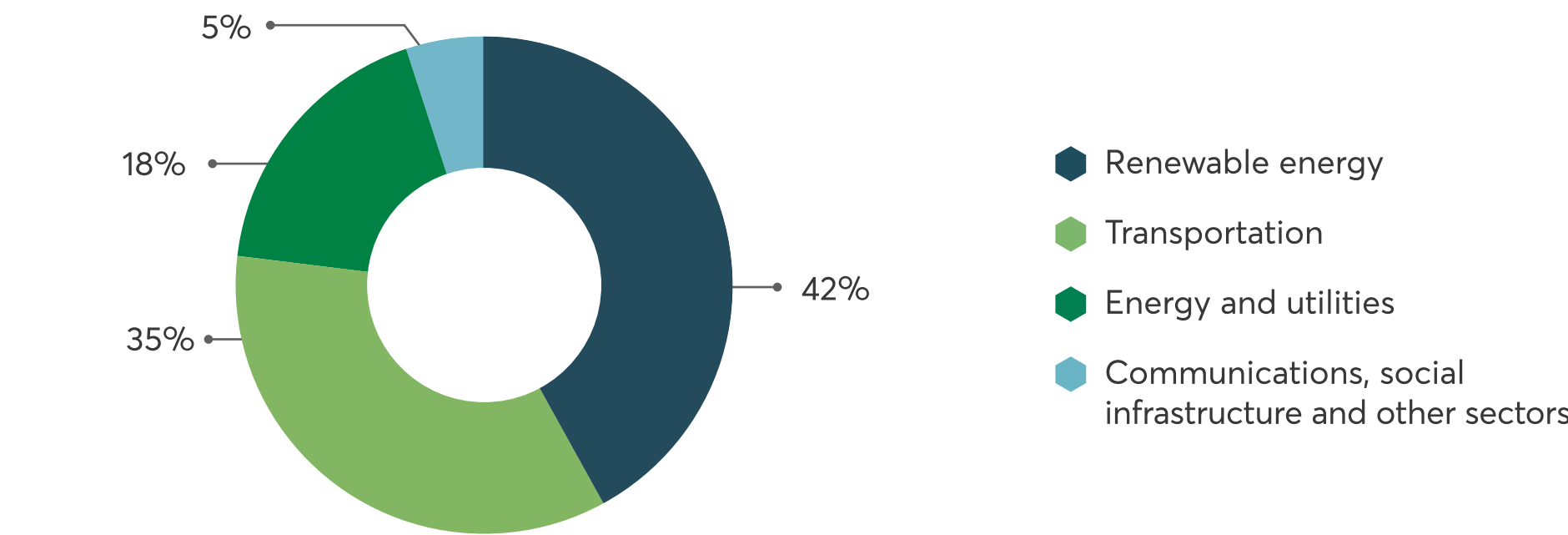
Take advantage of the stock market’s projected long-term returns to fund the Plan at a lower cost and ensure access to emergency liquidity.

Result

Stock markets maintained their upward trend that began in 2020, ending 2021 with a performance well above long-term expectations. However, the portfolio’s diversified and more defensive profile, which was designed to support the Plan’s long-term strategy, did not match benchmark performance this year. Good performance by quality and small- and mid-cap companies did not offset the challenges met by growth, low-volatility and emerging-market equity mandates. By employing diversification strategies, the portfolio can weather various types of business cycles, to achieve sustained long-term performance.

INFRASTRUCTURE				
\$1.9B	10.6%	11.3%	6.1%	5.2%
Net assets	of total assets	Return	Target	Added Value

Sector allocation



Strategy

Generate strong, predictable current income and improve matching between Plan assets and liabilities.

Result

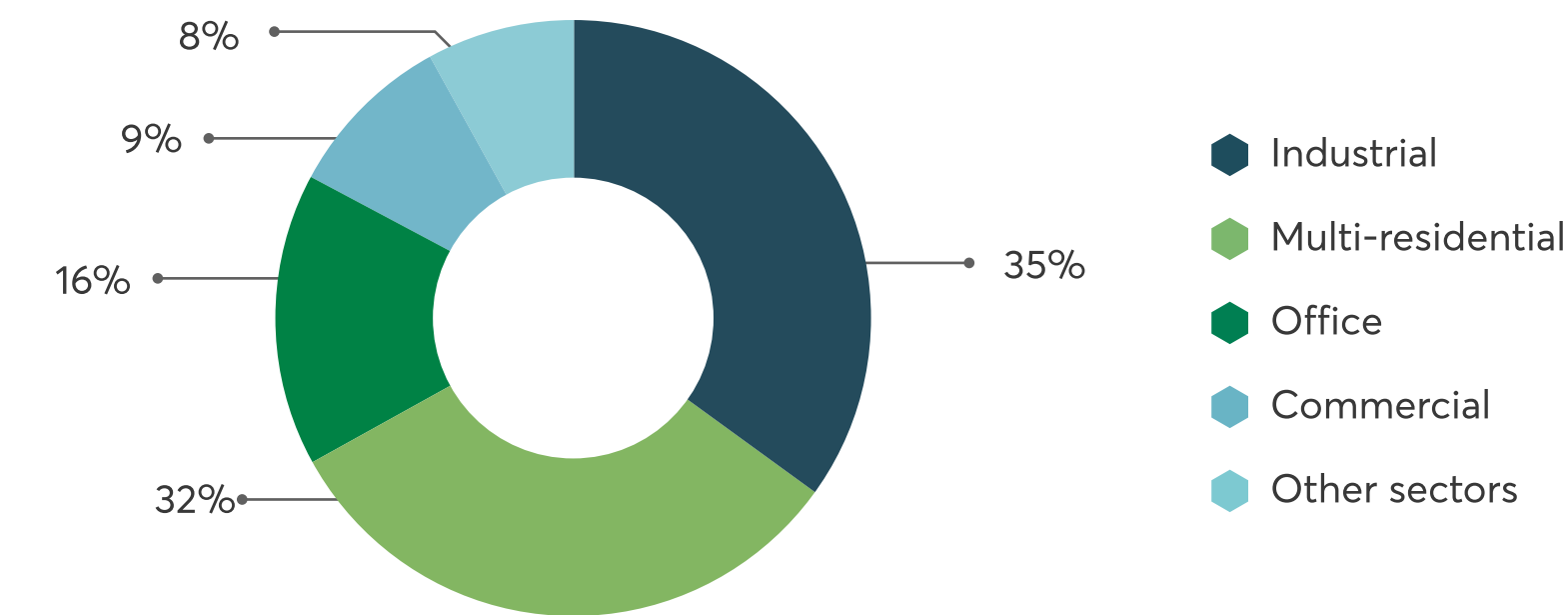
The portfolio as a whole exceeded expectations in 2021 despite the ongoing effects of the COVID-19 pandemic. While this has been a challenging environment for some asset types, such as assets that are fully exposed to volume risk, the portfolio was able to make gains by leveraging the majority of more resilient assets. The strategy of working with quality partners to create value was successful and its excellent diversification helped all sectors to contribute positively to portfolio performance. Over the coming year, we will be monitoring the pace of recovery in the wake of the gradual lifting of public health measures.

PERFORMANCE PORTFOLIO

Strategy and result by asset class

REAL ESTATE				
\$1.9B Net assets	10.2% of total assets	20.8% Return	15.9% Target	4.9% Added Value

Sector allocation



Strategy

Acquire real estate assets whose net return is mostly based on current inflation-linked income to improve matching between Plan assets and liabilities.

Result

The strong performance by the real estate portfolio in 2021 is largely due to the remarkable performance of the industrial and multi-residential sectors, which are maintaining momentum, as an ongoing mismatch between supply and demand continues in these sectors. There is still uncertainty about traditional retail and office sectors, with the potential for structural changes brought about or accelerated by the pandemic. Niche and alternative real estate sectors continue to attract increasing numbers of investors, due to their resilience and excellent performance in recent years. Current yields were acceptable, but the appreciation in the value of these assets in 2021 were the largest component of total returns.

An exceptional real estate market partner

In 2021, the property management company Ivanhoe Cambridge, one of DGPP’s key strategic partners, won the first-ever ESG award from the Pension Real Estate Association in the asset manager category. This is significant recognition, acknowledging the degree to which this manager applies RI considerations in the area of construction, acquisition and asset management.



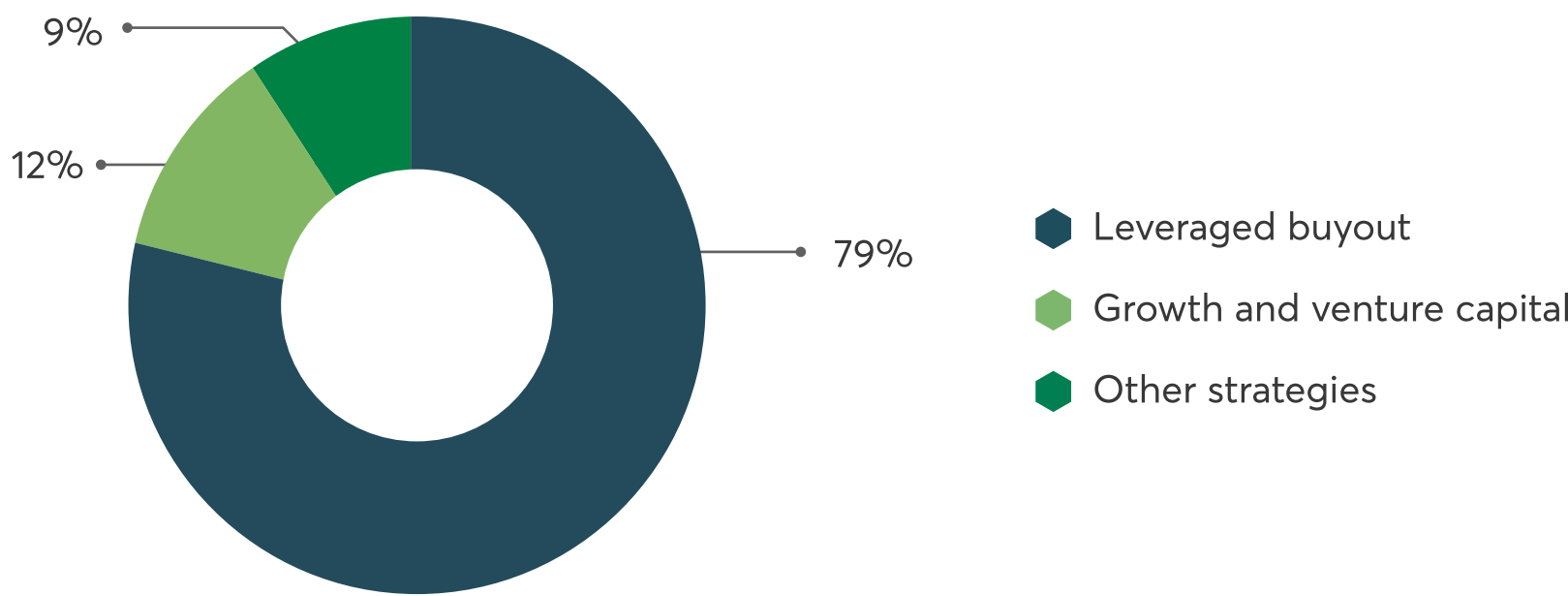
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PERFORMANCE PORTFOLIO

Strategy and result by asset class

PRIVATE EQUITY				
\$1.3B	6.9%	41.1%	20.9%	20.2%
Net assets	of total assets	Return	Target	Added Value

Strategic allocation



Strategy

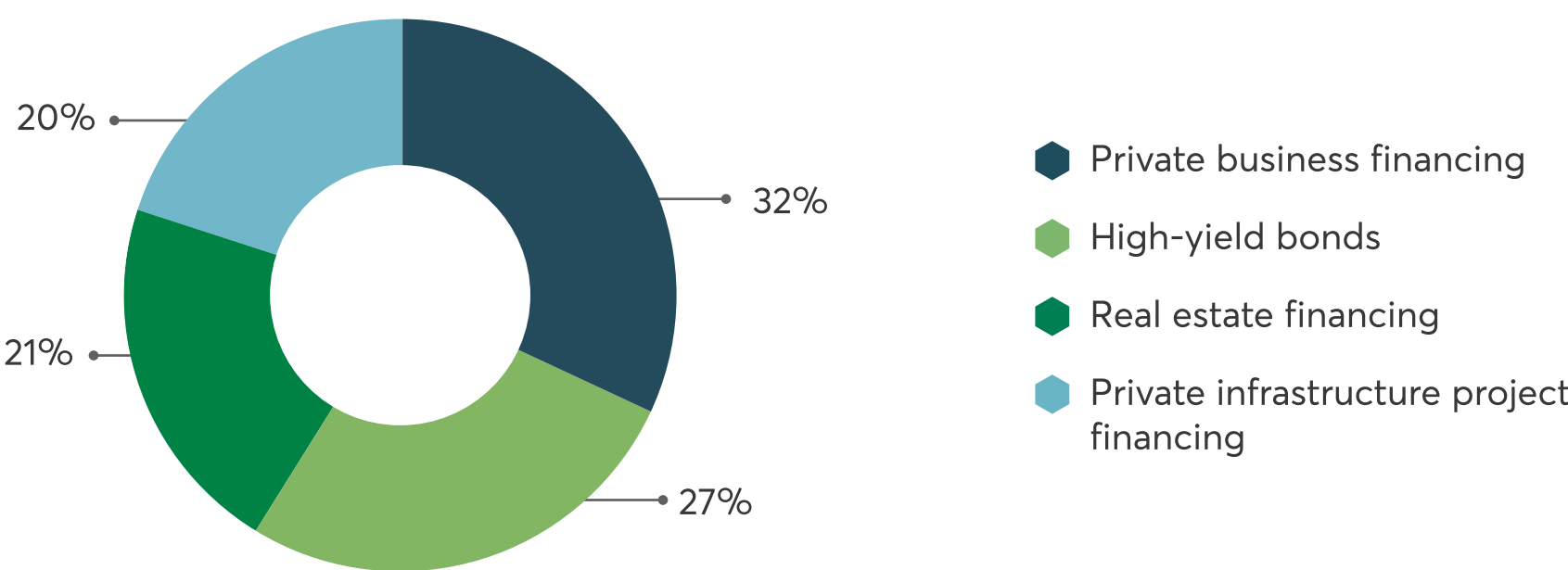
Acquire private companies to take advantage of the private market’s equity and illiquidity risk premium to fund the Plan at a lower cost. This asset class is less volatile than public equity.

Result

The private equity portfolio’s performance was excellent on an absolute and relative basis. This result was mainly due to strong performance by its underlying assets, most of which weathered the pandemic well. After a challenging 2020, the financial markets started to show signs of returning to normal in early 2021. The pandemic caused a sharp correction in asset prices worldwide, with an equally abrupt recovery delivered by unprecedented levels of government support. Some sectors, such as technology and health, gained momentum over the past year.

INNOVATION AND OPPORTUNITIES				
\$0.7B	4.0%	13.2%	-0.1%	13.3%
Net assets	of total assets	Return	Target	Added Value

Sector allocation



Strategy

Take advantage of the subprime market’s credit and illiquidity risk premium and improve matching between Plan assets and liabilities.

Result

The added value of the innovation and opportunities portfolio compared to the benchmark of US short-term bonds was generated by strong performance by most portfolio mandates, particularly private real estate and infrastructure asset financing.



MATCHING PORTFOLIO

Strategy and result by asset class

The goal of the matching portfolio is to protect the Plan’s financial health against changes in interest rates.

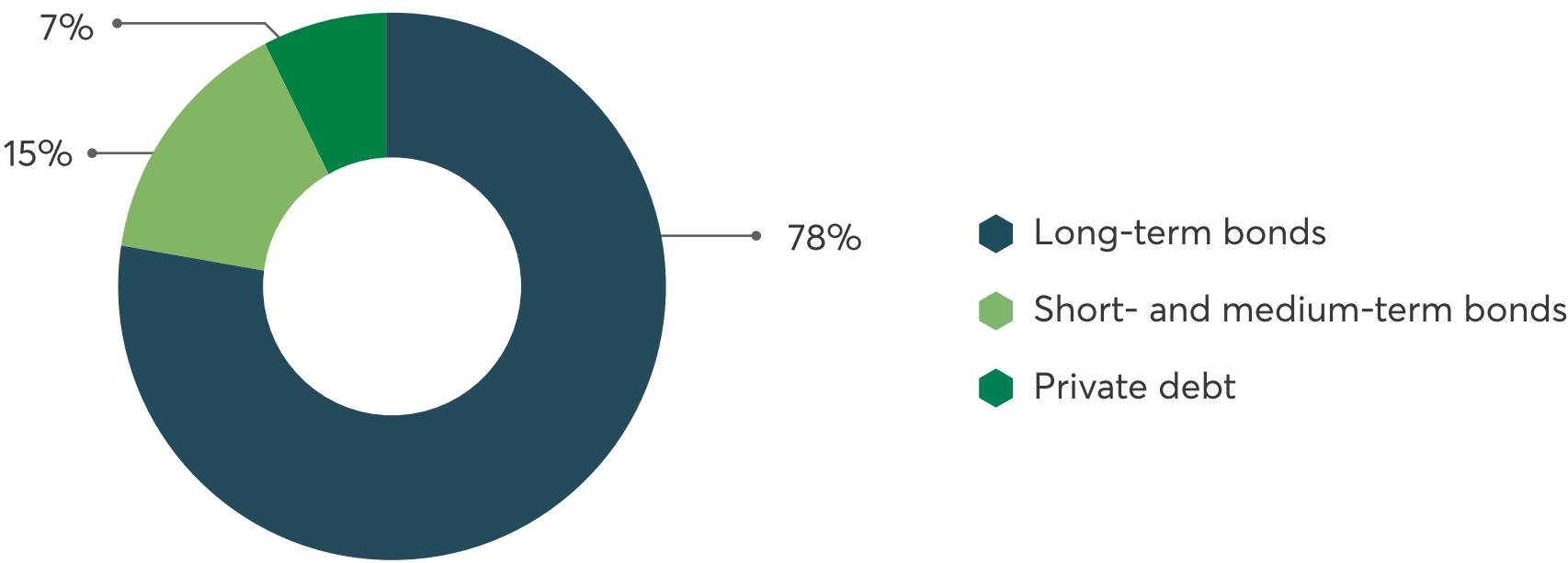
In 2021, the rate increases improved the DGPP’s financial position, despite negative returns in this portfolio. As a result of the current rate management strategy, higher interest rates decreased plan liabilities, that is, the present value of all current and future pension benefits. Since the increase in assets outweighed the increase in benefits owing, the Plan’s financial position improved.

Conversely, if interest rates had dropped, the strategy would have protected the Plan’s financial health by making sure a significant portion of the assets increased to offset the growth of benefits.

While the strategy may involve more volatility on returns over the short term, it’s designed to be profitable over the long term. This strategy is especially important now that we have regained full financial health. It protects and stabilizes the Plan’s financial position, to ensure that both contributions and pension payments are stable at all times and to comply with Desjardins’s risk budget.

FIXED INCOME					
\$8.0B	43.5%	-4.1%	-4.4%	0.3%	\$5.9B
Net assets	of total assets	Return	Target	Added Value	Bond Overlay

Strategic allocation



Strategy

To achieve and maintain the target matching level between Plan assets and liabilities to minimize volatility in the financial position.

Result

The Plan’s financial position was excellent at the start of the year, and improved even more in 2021 as interest rates rose. Sound liability coverage ratio management using various discounting bases also contributed to the improvement. Despite higher interest rates, which affected the portfolio through negative absolute returns, the impact of these rate increases on the decrease in the present value of liabilities was more pronounced than on the decrease in the market value of the assets. The Plan’s financial health ratios therefore advanced, with estimates exceeding 100% at year end. Active management also improved overall performance. Our goal is to maintain this excellent level of financial health for the years to come through dynamic management and coverage ratio optimization.

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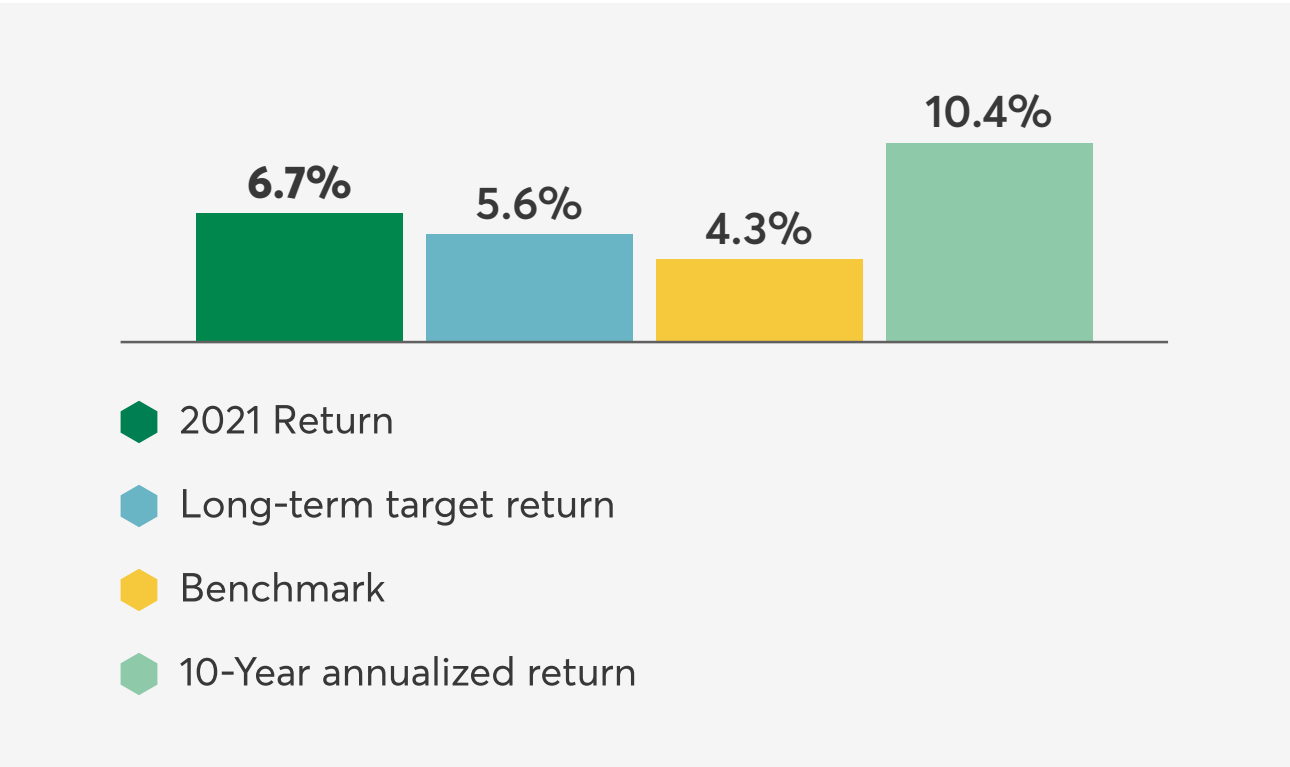
TOTAL RETURN

Both of the Plan's investment portfolios achieved their respective objective.

In 2021, the Plan recorded a return of 6.7%, which is higher than the long-term target return of 5.6%. The comparison of this return to the benchmark of 4.3% shows that, overall, the total portfolio's investments are performing well relative to the market in general.

Over the longer term, the 10-year annualized return is significantly higher than expectations, at 10.4%. The required returns have therefore been achieved, meaning that the total portfolio has met its objective.

To conclude, the Plan's financial position has continued to improve due to the contributions made by the two portfolios. The DGPP shows that it can deliver the stability and resilience required to fulfil its promise to every member.



Some of our new investments



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FINANCIAL REPORT



FINANCIAL REPORT

The enclosed financial information is extracted from the audited financial report of the DGPP as at December 31, 2021, on which PricewaterhouseCoopers LLP expressed an unqualified opinion on February 21, 2022.

\$18.2B
Net assets

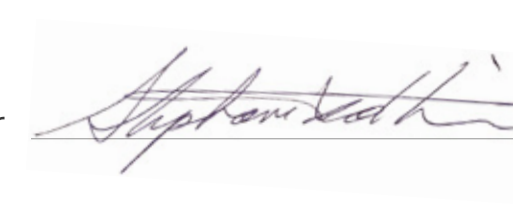
5th
Largest private Canadian pension fund¹

¹ Source: BenefitsCanada (June 2021)
2021 Top 100 Pension Funds Report

Desjardins Group Pension Plan State of net assets available for benefits

As at December 31, 2021	In thousands of Canadian dollars	
	2021	2020
Investment portfolio		
Investment assets		
Bonds and bond investment funds	\$12,533,702	\$12,070,270
Equities and equity investment funds	4,350,675	4,387,746
Real estate investments	1,855,027	1,446,812
Infrastructure investments	1,908,729	1,760,658
Private equity investments	1,331,595	942,531
Specialty finance securities ¹	713,689	626,121
Other investments	30,480	29,560
Cash and money market securities	454,034	419,627
Securities borrowed or purchased under reverse repurchase agreements	345,729	66,338
Derivative financial instruments	97,431	42,471
	23,621,091	21,792,134
Investment liabilities		
Commitments related to securities lent or sold under repurchase agreements	(5,389,306)	(4,580,122)
Derivative financial instruments	(12,868)	(19,378)
Total investment portfolio	18,218,917	17,192,634
Employer contributions receivable	25,341	30,160
Employee contributions receivable	13,684	16,312
Other assets	157,555	139,878
	196,580	186,350
Other liabilities		
	(206,225)	(133,424)
Net assets available for benefits	\$18,209,272	\$17,245,560

Approved by the Desjardins Group Retirement Committee

, member , member

¹For the purposes of financial disclosure, this investment category is also called Innovation and opportunities.

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Statement of changes in net assets available for benefits

\$1.1B
Investment income
and change in fair market value

\$664M
Contributions
\$431M employers
\$233M employees

\$629M
Benefit payments

For the year ended December 31, 2021

In thousands of Canadian dollars

	2021	2020
Increase in net assets		
Net investment income		
Bonds and bond investment funds	\$200,577	\$176,805
Equities and equity investment funds	77,213	77,884
Real estate investments	42,860	32,750
Infrastructure investments	68,086	61,311
Private equity investments	8,681	3,939
Specialty finance securities ¹	39,864	29,326
Cash and money market securities	412	1,178
Other income	4,254	6,141
	441,947	389,334
Change in the fair value of investments and derivative financial instruments	698,059	1,796,237
	1,140,006	2,185,571
Contributions		
Employer contributions	430,810	410,892
Administrative expenses	(19,731)	(15,385)
	411,079	395,507
Employee contributions	233,252	222,444
Contributions net of administrative expenses	644,331	617,951
	1,784,337	2,803,522
Decrease in net assets		
Pension benefits		
Annuities	525,753	504,395
Reimbursements	85,059	70,445
Death benefits	18,566	10,778
	629,378	585,618
Investment Management, custodial fees, transaction and other costs	82,163	77,079
Performance fees	109,084	18,223
	820,625	680,920
Net increase in net assets	963,712	2,122,602
Net assets available for benefits at the beginning of the year	17,245,560	15,122,958
Net assets available for benefits at year end	\$18,209,272	\$17,245,560

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GOVERNANCE



GOVERNANCE STRUCTURE

The Fédération des caisses Desjardins du Québec (FCDQ)

Through its Board of Directors, the FCDQ assumes the responsibilities of Plan sponsor. The FCDQ’s Board of Directors has decision-making power in certain areas, including:

- Changes to the DGPP Regulation
- The nature and terms of benefit payments to Plan members
- Contribution rates
- The Plan’s funding policy
- The use of any surplus

The FCDQ stands surety for the obligations associated with the participation of all Desjardins employers in the DGPP.

Desjardins Group Retirement Committee

Under the powers vested in it by the *Supplemental Pension Plans Act* and by the DGPP Regulation, the DGRC is in charge of:

- Administering the Plan soundly in the best interests of Plan members;
- Paying Plan members and their survivors the benefits they are entitled to

The DGRC is the trustee of the pension fund. It must exercise the prudence, diligence and competence that a reasonable person would exercise in similar circumstances.

In 2021, the DGRC’s main approvals concerned the following aspects of the administration of the DGPP:

- Revision of the asset allocation strategy
- Review of the investment policy
- Annual business plan and follow-up on its implementation
- Annual budget and budget follow-up
- Actuarial valuation
- Audited financial report
- Review of the DGRC’s internal regulations

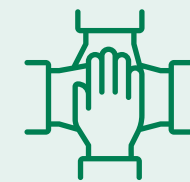
Investment Committee

The Investment Management Committee has 6 members appointed by the DGRC for their skills and expertise. The DGRC delegates responsibility for managing DGPP assets to this committee. Its mandate includes:

- Ensuring that the investment policy adopted by the DGRC is implemented, enforced and monitored
- Selecting investment vehicles
- Assigning management mandates to portfolio managers
- Ensuring that each investment meets expectations

Given the strong growth of the Plan’s assets in recent years and the increasing complexity of investing, this committee meets at least every other week to closely monitor developments and to act quickly when needed.

Practices that reflect the DGRC’s commitment to sound Plan governance



Enhanced group profile

- The [profile](#) identifies the collective skill set required of the DGRC.



Training for members

- All new DGRC members receive training on how to fulfill their responsibilities
- Various presentations and training sessions are available to members during their term of office



Rules of professional conduct

- Adoption of a [Code of Professional Conduct](#) to ensure that DGRC members act with integrity and responsibility as they perform their duties
- Annual members’ declaration of interests

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DESJARDINS GROUP RETIREMENT COMMITTEE

he DGRC has 11 members, of whom 7 are appointed by the FCDQ's Board of Directors and 4 of whom are appointed by Plan members through an election process held in conjunction with the Annual Meeting.



Members appointed by the FCDQ's Board of Directors

- 1 Yvon Vinet**
Chair
Caisse Desjardins de Salaberry de Valleyfield
- 2 Stéphane Trottier**
Vice-Chair
Desjardins Ontario Credit Union
- 3 Marie-Eve Tremblay**
Secretary
Caisse Desjardins du Quartier-Latin de Montréal
- 4 Stéphane Corbeil**
Caisse Desjardins du Nord de Laval
- 5 Denis Latulippe**
ASC (Administrateur de sociétés certifié – certified corporate director) and Professor, School of Actuarial Science, Université Laval
- 6 Bernard Morency**
Adjunct Professor at HEC Montreal, Retirement and Savings Institute

External member appointed by the FCDQ's Board of Directors

- 7 Marc St-Pierre**
President, MSP & Associés

Member appointed by active members

- 8 Dominic Laurin**
Development Advisor, Guaranteed Product Development and Financial Modelling
Wealth Management and Life and Health Insurance, Desjardins Investments

Member appointed by retirees, beneficiaries and members with a deferred pension

- 9 Jacques Dignard**
Desjardins retiree

Non-voting member appointed by active members

- 10 Brigitte Chabarekh**
Director, Financial Operations Centre Administrative
Department Operations Executive Division, Fédération des caisses Desjardins du Québec

Non-voting member appointed by retirees, beneficiaries and members with a deferred pension

- 11 Robert Desbiens**
Desjardins retiree

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► Collaboration of Desjardins teams

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COLLABORATION OF DESJARDINS TEAMS

DGPP Division

The DGRC has appointed the DGPP Division to help it fulfill its many responsibilities. Our team has over 60 employees who use their expertise to oversee the Plan’s financial management and administration, and ensure the Plan continues to honour its commitments to you.

Main guidelines

- Focus on maintaining the Plan’s financial health
- Follow best practices for risk management and governance
- Achieve the returns and added value needed to deliver on the Plan’s commitments
- Promote a better understanding of the Plan and its challenges

Focused on the future

Our goal is to deliver a pension plan that is exceptional, high-performing and equipped to meet future challenges. We’ve embarked on several initiatives to optimize all of our activities, which will be rolled out over the next few years..

Investment Strategies and Risk Management	Investment	Responsible investment	Business intelligence, finance and disclosure	Communications
Create a centre of expertise specializing in the Plan’s financial management to improve its ability to handle complexity in a constantly changing environment.	Optimize and revitalize investment portfolio management to promote the DGPP as a benchmark investor in the market, to open up new investment opportunities and improve risk management.	Increase the DGPP’s positive impact on sustainable development and contribute to its long-term financial health with integrated risk management of environmental, social and governance factors.	Upgrade the IT ecosystem and simplify operations to reduce operational risks and increase organizational agility.	Modernize and update resources like the website, annual statement and secure site, and the services we offer Plan members to better support them and help them make informed retirement decisions.
				

Other DGRC partners

Desjardins Financial Security

Administrative manager of the Plan and investment partner

Desjardins Trust

Asset custodian

Employee Experience Division

Plan sponsor representative

Desjardins Global Asset

Investment manager

Desjardins General Insurance Group Inc.

Investment partner

Fédération des caisses Desjardins du Québec

Banking services

In addition, for investment management and compliance purposes, the Plan also relies on a number of external partners to ensure administrative and operational efficiency.

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 - Plan advantages
 - Member Services

PLAN MEMBERS



PLAN ADVANTAGES



Stable and predictable retirement income for life
Starting on the date you retire, your pension is payable monthly for life.



Inflation Protection
Annual increases to help protect the purchasing power of your retirement pension.



Safe and profitable savings tool
Your contributions with accumulated interest provide a benefit of at least 175% in case of reimbursement of the value.



Cost-sharing benefits
Your contributions cover 35% of the Plan's cost and reduce your taxable income. Your employer also makes contributions, financing 65% of the Plan's costs.

The DGPP gives you peace of mind because it guarantees pension income that's protected against market uncertainties. The amount of your pension is based on your highest salary over the course of your career and the number of years you've been a plan member, based on a set formula. See the [summary description of your plan](#) to learn about all of its features.

Here's an idea of what to expect

Maxime is 40 years old, and has worked for Desjardins for 10 years. He has contributed to the pension plan since he started his job, and currently earns \$60,000 per year. Maxime dreams of a peaceful retirement. His goal is to have a lakeside house so he can indulge his passion for fishing and working on home repair projects.

Maxime thinks he'll be able to retire at 65. When he uses the [pension simulator](#), he notes that if he retires at age 65, his DGPP pension will be approximately \$48,000 per year, during his entire lifetime. However, he must continue to work at Desjardins until he turns 65 and receive raises of 2% per year to reach an annual salary of approximately \$100,000 when he retires.¹

By adding up his government pension and other personal savings, Maxime is pleased to see that he'll be able to retire according to plan.

His retirement is still far off, and no one knows what the future holds, but Maxime is confident because he also knows in case of termination of employment before age 55, the Plan ensures minimal benefits of 175% of his contributions with accumulated interest.²

Such an attractive and secure investment is reassuring indeed!



¹ Assuming annual salary increases of 2%.
² For service from 2009, reduced where applicable in accordance with the solvency ratio.

MEMBER SERVICES

42 years

Average age
of active members

61 years

Average age
of retirement

1,300

Newly retired in 2021

88 and 89 years

Life expectancy

of a man and of a woman respectively
age 60 who is a Plan member

The DGPP contributes to your financial empowerment by providing predetermined pension income for your entire retired lifetime.

Available resources

A free service provided by a team of specialists

- A range of simple and people-focused services
- Complex information explained to you, so you'll have a better understanding of the available options
- Guidance throughout all retirement phases, when you have to make decisions about the Plan
- Available when you need them, at a time that's convenient for you

Tools

- Website at rcd-dgp.com/en with a wealth of information on the Plan
- User-friendly [Pension simulator](#) you can use to estimate the amount of your pension after you retire, based on the most recent information in your record
- Training sessions to help you understand and make informed decisions about the DGPP, including the [Retirement Planning Program](#)

We're here for you

Monday to Friday, 8 a.m. to 5 p.m.



1-866-434-3166

At any time



Website
rcd-dgp.com/en



Secure message system in
the [Contact us](#) section of the
DGPP website

