

# À vos côtés



## Statement regarding the compensation of the director and senior management at Caisse Desjardins Ontario Credit Union Inc.

Pursuant to the *Sound Business and Financial Practices Rule*, this Annual Information Form discloses information to enable members to determine the reasonableness of compensation plans, policies and procedures for directors and senior management.

Caisse Desjardins Ontario Credit Union Inc. ("Desjardins Ontario Credit Union" or the "credit union") is a component of Desjardins Group and is integrated into its financial group model. As a "caisse participating auxiliary member" of Fédération des caisses Desjardins du Québec (the "Federation"), the credit union applies Desjardins Group's compensation plans, policies and procedures.

### Compensation at Desjardins Ontario Credit Union

In 2023, the compensation of directors and senior management at Desjardins Ontario Credit Union reflected the breadth of the organization's business and performance.

With business under management totalling \$21.47 billion, up 8.3% compared to 2022, we're very well positioned in our market. Our assets are closing in on the \$12 billion mark, reaching \$11.92 billion. We're the seventh largest credit union in Canada (outside Quebec) according to a September 2023 report by the Canadian Credit Union Association, and the second largest in Ontario.

In 2023, we put **\$3,169,211** back into the community to support a number of projects, namely through the Community Development Fund (CDF), the GoodSpark Fund, the Momentum Fund, donations and sponsorships. Members contribute to the CDF by voting to earmark part of the credit union's surplus earnings for the fund during the annual general meeting. A \$500,000 donation from the GoodSpark Fund went to L'Arche Sudbury, a major affordable housing project for people with intellectual disabilities. Through the Momentum Fund, we provide grants of up to \$20,000 to companies looking to grow and develop. In 2023, we granted \$170,000 to 19 local businesses through this fund.

The Board of Directors decided to give back a total of **\$12,236,829** in member dividends this year. And to continue to help enrich our community by supporting meaningful projects, the Board will recommend a contribution of **\$2,227,074** to the CDF.

Desjardins Ontario Credit Union is made up of a team of 739 employees in 46 locations across Ontario, always doing what's best for our 140,000 members and clients. The credit union is governed by a Board consisting of 17 directors and one young intern director.

### Senior management

For the 2023 fiscal year, members of the senior management team of Desjardins Ontario Credit Union are:

- William Boucher, Chief Executive Officer
- Stéphan Plante, Senior Vice President – Ontario, Member Experience and Retail Banking
- Richard Dupuis, Senior Vice President, Commercial and Business Banking
- Richard Fortin, Director, Governance and Board Liaison
- Line Haché, Director, Human Resources
- Michaël Béland, Director, Operations and Integration Manager

## Total compensation policy

### Governance

The Board of Directors is responsible for establishing Desjardins Ontario Credit Union's total compensation policy and annual objectives, along with evaluating the annual results of the chief executive officer.

The Board is also responsible for annually updating the total compensation of executives on the management committee and all employees. In this respect, the Board establishes the annual salary review, sets objectives and evaluates the results of the general incentive plan. Every year, the incentive plans are first analyzed by Desjardins Group's Risk Management sector to identify any item that could incentivize excessive risk-taking.

All these plans give the Board of Directors the right to adjust the payment amounts or assignment of bonuses in exceptional circumstances. The Board did not exercise this right in 2023.

### Framework

Desjardins Group's *Total Compensation Policy* is a framework used to determine all the components that make up compensation. It applies to the Federation, its subsidiaries and the caisse network, including Desjardins Ontario Credit Union. The policy applies to all employees, managers and executives. The target positioning for total compensation is determined using the median of the Canadian financial market.

Specifically, Desjardins Group's *Total Compensation Policy* aims to:

- Describe the guiding principles used to establish Desjardins Group's total compensation
- Identify target positioning for total compensation for each employee group
- Provide a framework for making decisions and taking action, to be referred to on a daily basis

The guiding principles underlying this policy are divided into three broad categories:

- **Uniformity across Desjardins Group**
  - Reflect our cooperative values, and commit to always doing what's best for Desjardins Group's members and clients.
  - Support Desjardins Group's directions, goals and strategic priorities.
  - Promote cooperation and teamwork to ensure all of Desjardins acts as one big team.
- **Performance**
  - Combine recognition of individual performance and group achievements when assessing the organization's overall performance, including environmental, social and governance criteria.
  - Ensure Desjardins Group's long-term success by making choices that will create sustainable added value for individuals and the organization.
  - Ensure compliance with all applicable legal and regulatory requirements and encourage behaviour that's consistent with the organization's risk appetite.
- **Employee experience**
  - Offer a flexible, competitive total compensation package that's appropriate for our business sectors, support functions and the caisse network to attract and retain the best talent.
  - Help develop an engaging employee experience for each person that focuses on well-being and fosters a commitment to always doing what's best for members and clients.
  - Ensure internal and external equity, taking into account different situations and market specifics for certain areas, critical jobs or geographic regions.

Like any other responsible financial institution, Desjardins Group and Desjardins Ontario Credit Union pay special attention to risk management for the benefit of our members and clients. Our total compensation policy reflects this consideration. Desjardins Group's *Total Compensation Policy* is reviewed every 5 years. The revised version of the policy was adopted by the Board of Directors in June 2022.

Employees with supervisory functions (finance, risk management and compliance functions, as well as the Desjardins Group Monitoring Office) are eligible for compensation based on the overall performance of Desjardins Group rather than on the performance of Desjardins Ontario Credit Union, which they supervise, in order to ensure sound independence. Because of this, their compensation is aligned with their role and does not encourage excessive risk-taking or conflicts of interest.

## Components of total compensation

Compensation of senior management, as well as the compensation of the majority of other material risk-takers, is determined based on the market value of the work performed, internal pay relativity and the level of individual performance on the job. Their total compensation consists of a base salary and a short- and long-term incentive plan, in addition to benefits, a retirement plan and job expenses.

These components are summarized in the table below:

Component		Objective	
Direct compensation (in cash)	Base salary	• Recognition of responsibilities, abilities, skills and experience	
	Variable compensation (at risk)	Annual bonus	• Value creation for members and clients • Recognition of Desjardins Group results and individual performance <sup>(1)</sup>
		Medium- and long-term compensation <sup>(2)</sup>	• Creation of sustainable value for all of Desjardins Group • Retention
Indirect compensation	Pension plan and benefits	• Maintenance of adequate and protected income at retirement • Adequate protection in case of death, disability or illness	
	Job-related expenses	• Required for business purposes • Linked to the position's status	
<b>Target positioning for total compensation</b>			
Employees		• 100% of the median of the Canadian financial market	
Managers (levels 1 to 5)		• 100% of the median of the Canadian financial market	
Managers (levels 6 and up)		• 95% of the median of the Canadian financial market	
Chief executive officer		• 85% of the median of the Canadian financial market	

<sup>(1)</sup> For executives, individual performance is used to qualify for the annual bonus.

<sup>(2)</sup> Medium- and long-term compensation applies exclusively to the chief executive officer.

Internal pay relativity between senior management positions is determined using the Hay system for job assessment and salary categories that apply to all positions at Desjardins Group. We use this system to ensure internal equity.

## Description of total compensation components for senior management

### Base salary

The base salary for senior management is reviewed annually. Individual performance, level of responsibility and experience are taken into account so that each senior manager's compensation reflects their work contribution.

Individual strategic or financial objectives are set for each senior manager, based on the Credit Union's annual objectives.

### Annual general incentive plan

The general incentive plan for the Credit Union's senior managers and for all employees is designed to recognize the contribution of participants towards achieving the objectives supporting Desjardins Group's strategic and financial plan, which will generate short- and medium-term results. The plan consists of indicators that are based on all of Desjardins Group and applicable to everyone to ensure cohesion and alignment with priority objectives.

Senior managers receive an annual bonus only if both of the following conditions are met:

- The overall profitability trigger defined at the beginning of the year for Desjardins Group is reached.
- The senior manager receives a performance level equivalent to "needs improvement" or higher.

A multiplier based on annual performance rating impacts the value of the annual bonus awarded, except in the case of the chief executive officer and the senior vice presidents who are not entitled to a multiplier. Details of the structure of the annual general incentive plan are available in the Federation's Annual Information Form published on March 12, 2024.

### Bonus payment

The annual bonus established for the reference year is paid out at the beginning of the following year, after the results are approved by the Board of Directors of the Federation.

For the chief executive officer, only 60% of the annual bonus awarded is paid out, with the remaining 40% deferred for a 3-year period. The deferred 40% portion may increase or decrease throughout the 3-year deferral period.

## Pension plan benefits

The senior management team are members of the Desjardins Group Pension Plan (DGPP). This pension plan was created for all Desjardins Group employees, managers and executives. It's funded and administered by a retirement committee made up of members who represent employers and employees.

The total pension benefit cannot exceed the maximum allowed under the *Income Tax Act* (Canada). DGPP costs are shared by the employer and employee in the proportions of 65% and 35%, respectively, up to the maximum set out in the plan regulations.

Details of the benefits that pension plan members are entitled to based on their service years are available in the Federation's Annual Information Form published on March 12, 2024.

### Excess Pension Plan

Part of the senior management team are members of a funded Excess Pension Plan, the cost of which is borne entirely by the employer. Designated plan members are entitled to a supplemental pension equal to the difference between the pension that would be payable without the ceiling imposed by the *Income Tax Act* (Canada) and the pension actually payable under the DGPP.

The normal retirement age is set at 65. However, members may take early retirement from age 55. The excess pension paid is not indexed.

## Director compensation

Compensation of the Desjardins Ontario Credit Union Board of Directors is based on the following guidelines:

### Guideline No. 1: Personal commitment as one of the fundamental ethical values on which is based Desjardins's governance

The compensation of individuals with director and oversight duties in Desjardins Group components is determined based on the level of personal commitment. Considerations such as time and distance do not factor into this determination. Compensation is paid only for attendance at formal board or committee meetings of the Credit Union, subsidiaries and the Federation.

Compensation is not paid for attendance at:

- Meetings of directors for representation, consultation or collaboration purposes (such as seminars)
- Congresses or annual or special general meetings of the Credit Union or other Desjardins components
- Conventions or conferences for the cooperative sector at any level (local, regional, provincial, national or international)
- Ad hoc sector or regional committees of the Credit Union
- Meetings to award scholarships, donations or sponsorships on behalf of the Credit Union
- Individual training activities

### Guideline No. 2: Acting in the best interests of Desjardins Group

All elected directors or directors of a component must act in the best interests of the component they represent and Desjardins Group. Keeping in mind all applicable legal and ethical obligations, they should never allow their compensation to influence their decision-making.

### Guideline No. 3: Recognition of responsibilities

The annual stipend and attendance allowance are determined based on the complexity of the responsibilities specific to each level of the organization (credit union, subsidiary or Federation). They're reasonable and in line with the cooperative nature of the organization. They take into account the specific nature of Desjardins's "integrated network" structure. Complexity refers to the level of difficulty of decision-making and the many challenges involved in the role, the strategic and financial implications, and the level of risk involved. Consequently, compensation is not set based on the size of the credit union<sup>1</sup> or subsidiary (where complexity is comparable).

### Guideline No. 4: Equity

Taking into account the financial capacity of the component and the efficiency, productivity and profitability requirements of Desjardins Group, the factors used to determine compensation should include the responsibilities, risks, and legal and regulatory requirements specific to the role in question. This is based on, among other things, benchmarking of comparable organizations, cooperatives in particular, for the different levels of responsibility. Benchmarking is done once every three years after changes take effect.

### Guideline No. 5: Transparency

For reasons of transparency, reporting accuracy and regulatory compliance, compensation to members of governing bodies is paid by the component and disclosed via a reporting method that's determined based on the needs and requirements of each level of responsibility.

---

<sup>1</sup>Exception: Chair of the credit union's board of directors

## Analysis of director compensation components

### Annual stipends

- The chair of the Credit Union's Board of Directors receives an annual stipend.
- An annual stipend may be paid to the vice-chair of the Board if they're regularly asked to replace the chair. This stipend is separate from the one paid to the chair and cannot exceed 30% of the chair's stipend. The annual stipend is paid only if approved by the Board of Directors and supported by a documented proposal for the division of responsibilities by the chair, if applicable. If the Credit Union has more than one vice-chair, the stipend is shared between them (the terms and conditions of which are set by the Credit Union), but the combined total of the amounts paid to all vice-chairs cannot exceed 30% of the chair's stipend.
- No annual stipend is paid to any other members of the Board of Directors or to intern directors.

### Attendance allowance

- An attendance allowance is paid to directors and the chair for each meeting of the Board of Directors.
- Compensation is paid for training activities if they're included on the meeting schedule and all directors from the governing body in question have been invited.
- The Credit Union's directors and members who participate in a committee other than a committee of the Board of Directors are entitled to an attendance allowance of \$110.
- Individual directors and intern directors can decide to forgo compensation, either in whole or in part.

### Budget for director compensation

The Credit Union's annual budget for director compensation was capped at \$145,965 in 2022. The following chart shows director compensation rates.

Annual stipends			
Chair of the Board of Directors	\$22,000		
Vice-chair of the board of directors	\$6,600		
Attendance allowance			
Meeting of the Board of Directors			\$400
Quarterly meeting of the Board of Directors for collaboration with Desjardins Group			\$330
Meeting of a committee of the Board of Directors	In person	Chair	\$320
		Other members	\$160
Liaison committee meeting	Over the phone		\$82
	In person		\$110
Intern director			
Meeting of the Board of Directors	\$200		
Committee meeting	\$82		
Phone meeting	\$44		