



Principles for Sustainable Insurance – Annual Public Disclosure

In 2012, The Co-operators was proud to become the first North American signatory to the United Nations Environment Programme Finance Initiative’s Principles for Sustainable Insurance. Transforming these Principles into actions presents a significant opportunity to advance sustainability within the insurance industry.

The table below outlines key actions The Co-operators has taken to demonstrate its commitment and progress in implementing these Principles. Additional information relating to our sustainability initiatives and performance can be viewed in [The Co-operators 2012 Sustainability Report](#).

Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Page references noted throughout this document align with our [2012 Sustainability Report](#)

Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor Environmental, Social and Governance (ESG) issues in business operations

Pages 4-5 – Highlights key metrics from our 2011-2014 Sustainability Strategy
 Page 21 – Describes our Board Sustainability & Citizenship Committee

Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company’s transactions

Pages 2-3, 22-23 – ESG issues and risk management processes discussed

Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management

Pages 17-18 – Sustainability-focused product and service offerings noted
 Page 31 – Fire safety and fire sprinkler discount

Develop or support literacy programs on risk, insurance and ESG issues

The [Answer Centre](#) section on our website provides insurance-related education, as well as safety and loss prevention tips

Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood

Pages 14-15 – Outlines our fair and transparent approach to claims handling. Programs like our [Service Review Panel](#) and [Claims Guarantee](#) reinforce this commitment

Integrate ESG issues into repairs, replacements and other claims services

Page 17 – Provides examples of sustainable solutions available to clients for claims settlement

Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)

Page 28 – In 2012, our investment company (Addenda Capital), updated its Sustainable Investment Policy and became a signatory to the United Nations Principles for Responsible Investment initiative

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues

Page 26 – References our Sustainable Purchasing Policy and Supplier Code of Conduct

Provide clients and suppliers with information and tools that may help them manage ESG issues

Our [Sustainability at Home toolkit](#) and bi-monthly client newsletter "[Your Better Place](#)" are examples of our efforts to educate clients and businesses in this regard

Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework

Page 29 – Discusses efforts to encourage public disclosure

Promote the adoption of the Principles

In 2012, our President and CEO sent a letter (appended at the end of this document) to our reinsurers, encouraging them to become a signatory to the Principles for Sustainable Insurance

Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues

Pages 30-31 –Outlines efforts to promote building code changes that address extreme weather events

Dialogue with intergovernmental and non-governmental organizations to support sustainable development by providing risk management and risk transfer expertise

Pages 2, 30 – We are one of three insurers who have partnered with [Ceres](#) as part of its ‘Resilient Cities Project’ in North America. Involving municipal officials, developers, investors and city planners, the project seeks to determine what is required to collaboratively create more resilient cities

Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies

Pages 2, 30 – We developed and are leading a project regarding Overland Flood Insurance in partnership with a Professor at the University of Waterloo. The project seeks to investigate the barriers and opportunities in addressing overland flood insurance in Canada (where currently no coverage exist)

Dialogue with academia and the scientific community to foster research and educational programs on ESG issues in the context of the insurance business

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Assess, measure and monitor the company’s progress in managing ESG issues and proactively and regularly disclose this information publicly

This information is disclosed annually in our [Sustainability Report](#)

Participate in relevant disclosure or reporting frameworks

Pages 40-43 – We use the Global Reporting Initiative (GRI) guidelines to help structure our reporting. Our 2012 Sustainability Report is self-declared and GRI-checked at a GRI-G3.1 Application Level ‘B’

Page 25 – Although not required, in 2012 we submitted a response to the Carbon Disclosure Project

**The Co-operators Group Limited
 Groupe Co-operators limitée**

Over the past few years the United Nations Environment Programme Finance Initiative (UNEP FI), a partnership between UNEP and the Insurance/Financial industry, has led the development of a set of guidelines for embedding sustainability across the insurance industry. The process involved extensive global consultation including seven regional workshops worldwide. The Co-operators hosted the North American consultation workshop in June 2011.

The Co-operators is proud to be a founding signatory of the "[Principles for Sustainable Insurance](#)", a global framework for insurance companies to better reflect environmental, social and governance risks and opportunities in their business strategies and manage these issues in their core operations.

The insurance industry's role in overcoming global economic, social and environmental challenges will be crucial to our ability to ensure a healthy future for coming generations. To be a part of the solution, insurers must embed sustainability into all aspects of risk management and, working in collaboration with all stakeholders, transform the Principles into practice. These principles are a foundation upon which we can build our capacity to support and advance sustainable development around the world:

The Principles for Sustainable Insurance

1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

The Co-operators has a formal [Sustainability Policy and Strategy](#) to guide our business, and we seek to be a catalyst for a sustainable society. We have embraced the Principles for Sustainable Insurance and endeavour to influence fellow insurers, reinsurers, and industry associations to join us. As a trusted business partner of ours we encourage you to become a signatory. For those of you who are already signatories, we congratulate you on taking this important step.

There is little doubt the health of our industry is dependent on the health of our planet and its inhabitants. As Insurance/Financial Industry leaders we must make real, significant, and immediate contributions to the solutions that are needed.

Kathy Bardswick

Kathy Bardswick
 President and CEO, The Co-operators Group Limited