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2018 Integrated Annual Report

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About The Co-operators Group Limited

We are a leading Canadian multi-line insurance and financial services co-operative with \$41.7 billion in assets under management. Our subsidiary companies provide solutions in four core areas: Property and Casualty (P&C) insurance, Life insurance, institutional asset management and brokerage operations. We are driven to provide financial security and peace of mind to meet the evolving needs of Canadians and their communities.

An insurance co-operative, built with purpose

In 1945, a group of farmers and social pioneers banded together to meet the unmet insurance needs of rural Canadians and provide financial security for their families and communities. They made up our founding companies and unified around a common co-operative purpose to protect policyholders in good times and bad.

More than 70 years later, this purpose remains as relevant as ever. It is shared across our group of companies, which serves over one million client households, in addition to credit unions, co-operatives, non-profits, commercial clients and their employees.

About this report

Our 2018 Integrated Annual Report serves as our Public Accountability Statement and is a report of our financial and non-financial performance in relation to our strategic objectives, our stakeholders and the changing world around us.

We endeavour to provide a balanced view of our key successes and challenges. Challenges noted in this report indicate where we have encountered difficulty, due to either internal or external circumstances. Notable issues and trends for our company and stakeholders are discussed in detail on [page 7](#) and appear throughout the report as "World around us" call-outs.

This report communicates how our corporate strategy, governance and performance create financial and non-financial value and benefits for our clients, member organizations and Canadian communities. It combines sustainability, governance and annual reports into one, and is an integral part of our corporate reporting suite.

This report has been prepared in accordance with the GRI Standards: Core option. For the GRI content index, our full reporting suite, and other supplementary disclosures, visit cooperators.ca/integrated-report.

Our integrated reporting process

We embarked on our integrated reporting journey in 2016, which marked a critical step in our commitment to embedding co-operative and sustainability principles into our decision-making, actions and processes.

The 2018 Integrated Annual Report is a result of the collaboration of approximately 100 employees and external stakeholders. To ensure accuracy, this collaboration includes an extensive review, and approval of the data and content, by various representatives by department across the group of companies. Our report validation process is described in greater detail on [page 76](#).

Our key stakeholders

Clients

Member organizations

Employees

Financial Advisors

Communities

The people we serve: Canadians and Canadian businesses, co-operatives and non-profit organizations.

The co-operatives, credit union centrals and representative farm organizations who govern us.

The people we employ in corporate offices across the country.

The people who serve our clients: independent Financial Advisors in communities across Canada.

The people, places and governments that connect our key stakeholders together.

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Look for these symbols



GRI

Denotes GRI materiality disclosures (GRI 102-40 to GRI 102-49).



Information

Call-outs to bring your attention to specific products, services or initiatives.



Challenges

Areas where we have encountered difficulty, both internally and externally.



World around us

Issues and trends in our operating environment that impact our organization, stakeholders and society.



Discover more online

View our online report at cooperators.ca/integrated-report for:

- Archived reports
- GRI content index
- Report highlights
- Supplementary disclosures
- Videos

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2 The Co-operators

Letters to stakeholders

Throughout our history, we have remained distinct in our co-operative character — defined by our mission, vision, values and a global set of co-operative principles. As we navigate the road ahead, our co-operative character must continue to shine through.

In this spirit, the Board and I have helped to develop, shape and ultimately approve this organization's upcoming four-year corporate strategy with a focus on financial, social and environmental targets, in addition to a new set of Enterprise Long-term Goals that connect our strategies to a bigger picture of global sustainability. The years ahead will bring significant challenges, uncertainty and transformation for our members, clients, Financial Advisors, employees and communities. Nevertheless, I'm confident that the direction of this organization is sound and resilient. Our compass is firmly set to ensuring we continue to meet the unmet or ill-met needs of Canadians.

Our co-operative character is reflected in our 45 member organizations across Canada, who democratically nominate and elect our Board of Directors and govern our organization. Many of our members and their members are also our clients. In 2018, we surpassed a significant milestone of serving over 100,000 households through our Member Benefits Program. Our business volume from co-operative organizations is equal to \$1.03 billion, more than one quarter of our total premiums.

These Canadian co-operatives, credit unions and representative farm organizations are made up of millions of Canadians across the country, and collectively provide an array of community-based perspectives that help shape our products, services and solutions.

Both our Board and our organization are committed to enhancing the experience of our member organizations in order to fully leverage our mutually beneficial relationships. The challenges we face together must be met together. Our strong member relationship index of 93 per cent and member engagement score of 90 per cent are testaments to the connections we've built.

As the nature of the industry is redefined by accelerated change, the Board is increasingly focused on ensuring we have the diversity of perspectives needed to guide and govern the organization into the future.

As community stakeholders, clients, delegates and directors, our members are fundamental to who we are and what we do. They push us to lead with our values top of mind. As the organization prepares to embark on its next chapter, member input into the development of our 2019–2022 strategy has added a unique and close understanding of the many challenges, needs and preferences of the people we serve. They keep us rooted in our core purpose as so much around us is transformed, ensuring the question, "what is the right thing to do?", remains top of mind.



John Harvie

Chairperson, Board of Directors, The Co-operators Group Limited

John Harvie
Chairperson,
Board of
Directors



“

Our members provide an array of community-based perspectives that help shape our products, services and solutions.”

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Robert Wesseling
President and
Chief Executive Officer



We are operating in a period of unprecedented change. Climate change, the coming transformation of personal transportation, and advancements in medical technology, to name a few, will significantly impact the needs and behaviours of our members, clients, communities and industry.

While the challenges we face are significant, we have an opportunity to lead with our core purpose to provide financial security for Canadians and our communities. Our world increasingly needs purpose-built organizations that hold the sustainability and resiliency of our communities as top priorities. It needs more co-operatives and more organizations like The Co-operators in these times of rapid change.

In 2018, the final year of our four-year strategy, we and the industry as a whole faced significant financial challenges. Our net income after tax was \$5 million, making it our worst financial year since 1999, the result of significant P&C underwriting losses exacerbated by impacts of extreme weather, in addition to lacklustre investment performance and increased market volatility. While we did not meet financial targets for the group of companies in 2018, we remain strongly capitalized and well-positioned for the future.

We know changes on our horizon will continue to pose great challenges. The increasing frequency and severity of extreme weather will negatively impact our clients and our organization. In response, we must remain focused on pricing risk appropriately, and proactively equipping Canadians to prepare for and adapt to the changing nature of climate risk, while building this risk into our financial disclosures.

Despite these challenges, as we reflect on the past four-year strategy, we have much to celebrate. We have delivered on many of our strategic objectives. We continue to lead the industry in client satisfaction. Relative to the industry, our client growth and retention are strong, a testament to the exceptional client service and trust built up by our Financial Advisors and employees across the country.

We have brought ground-breaking products to market that meet the unmet needs of Canadians, such as Comprehensive Water, Canada's first and only product to cover water damage in the most vulnerable areas — including from storm surge. In addition, our new brand, duuo by Co-operators™, brought a digital, on-demand insurance solution to home-sharing hosts in Canada.

We are helping to build more sustainable and resilient communities, and have invested over \$1.2 billion into impact investments that measurably address environmental and social challenges. We are a trusted voice at the table in Canada and internationally in efforts to steer markets and industries towards sustainability.

As a platinum-level Best Employer, we continuously strive to improve how we engage and inspire our people. As we face future challenges, it will be imperative that our workforce remains resilient, engaged and highly motivated.

Going forward, we are preparing for the future with an innovative mindset, while remaining steadfastly true to our co-operative purpose.

Robert Wesseling

Robert Wesseling
President and Chief Executive Officer, The Co-operators Group Limited

Our world increasingly needs purpose-built organizations that hold the sustainability and resiliency of our communities as top priorities.”



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How we manage risk and build our strategy

We are in the business of managing risk and must effectively balance risks and rewards to sustain the stability of our organization. Ensuring we have the capacity to effectively take on and manage client risk, capture opportunities while growing our capital, and provide financial security and peace of mind to Canadians is paramount to our success.

Our risk management process

Our Enterprise Risk Management (ERM) process enables us to manage our risk universe. This process is dynamic, continuous and embedded within our organizational culture.

1. IDENTIFICATION

- > Identify insurance, investment, strategic, operational and reputation risks through internal surveys and discussions across departments.
- > Through environmental scans, emerging risk surveys, and external and community engagement, we identify new and/or uncertain risks.

2. ASSESSMENT

- > Identify top risks and assess emerging risks and their potential impact.
- > Consult with internal risk advisors for input on plans to manage these risks and insights on how the risks are trending.

3. QUANTIFICATION

- > Quantify risk exposures using various measures, models and tools, including stress-testing and sensitivity testing.

4. MONITORING AND REPORTING

- > Ongoing monitoring and regular reporting of these risks by the ERM department and the Management Risk Committee to various internal and external stakeholders, including the Board's Risk and Compensation Committee and external regulators.

Did you know?

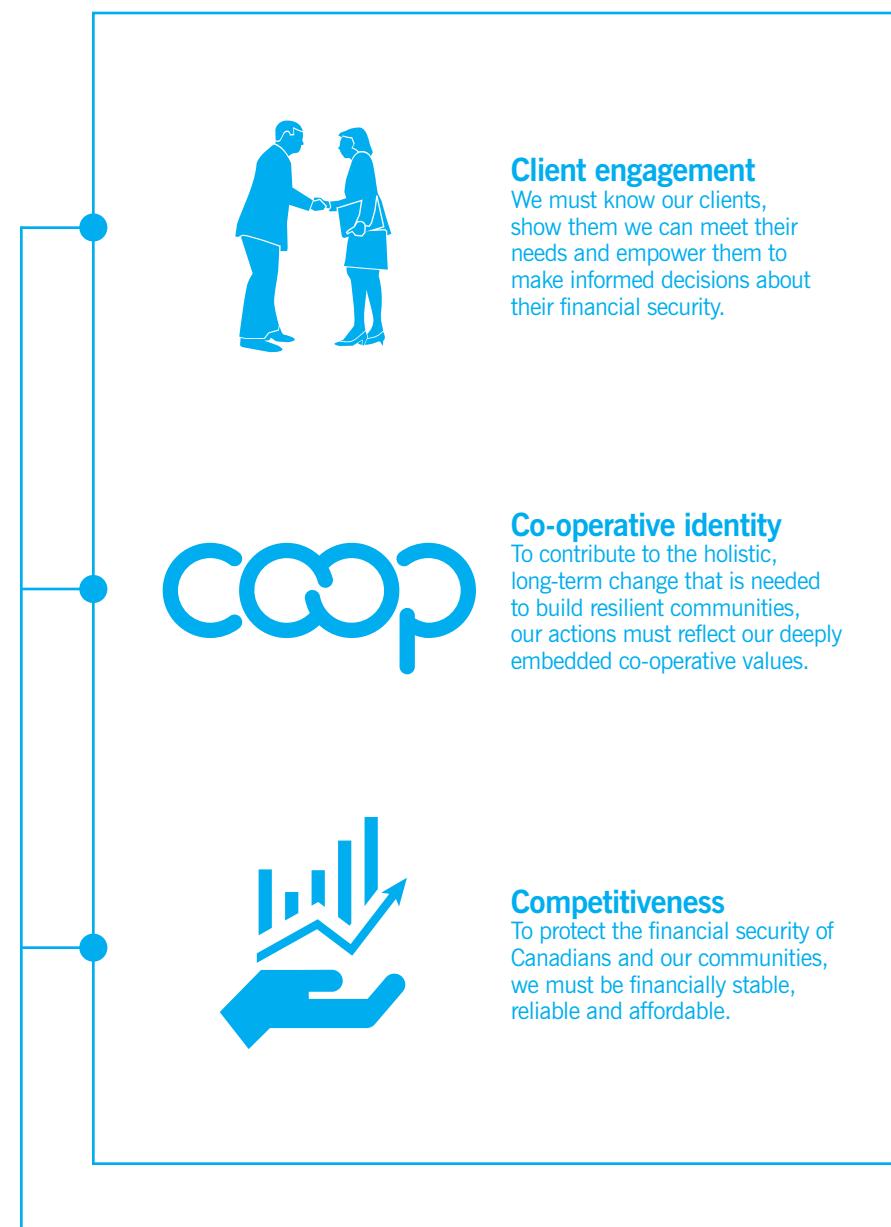
We manage risk through a co-operative lens

Because we are a co-operative, we approach risk differently than most financial services organizations, with great consideration given to the impact of our risk management decisions on Canadians and our communities. We apply a consultative and community-based approach that takes a longer-term view of our business far beyond quarterly earnings.



Our corporate strategy

2018 was the fourth and final year of our 2015–2018 corporate strategy. This enterprise-wide strategy provides the operating framework that enables each of our companies in The Co-operators Group Limited to create value. It was founded on three strategic pillars:



Our strategy and performance: 2018 in review

In the past four years, we have surpassed our goals as a client-focused organization. We lead the industry in customer satisfaction and client growth. We have rolled out innovative new products that meet the unmet or underserved needs of Canadians, we have significantly expanded our business serving the co-operative sector, and we have made strides in our digital offerings to stay relevant and responsive to client needs and preferences.

In 2018, we were challenged financially by the impacts of extreme weather events, slower than desired growth in certain business lines, and a volatile and unfavourable investment market, particularly in the final quarter of 2018. Despite these challenges, we are resilient and remain strong from a capital position.

We are placing a greater focus on innovation work, addressing our underwriting performance, and making greater use of analytics while maintaining our focus on managing expenses.

We have taken steps to align our long-term strategy and performance with issues and trends impacting the world around us. We are integrating the United Nations 2030 Sustainable Development Goals and are adopting recommendations of the Task Force on Climate-Related Financial Disclosures to plan, adapt and build resilience amid rapid change.

We will continue to embrace our key strength and unique position as a co-operative, and will collaborate across sectors to create value for clients, members and communities over the long term. For a preview of our next four-year corporate strategy, see "On the horizon" on page 72.

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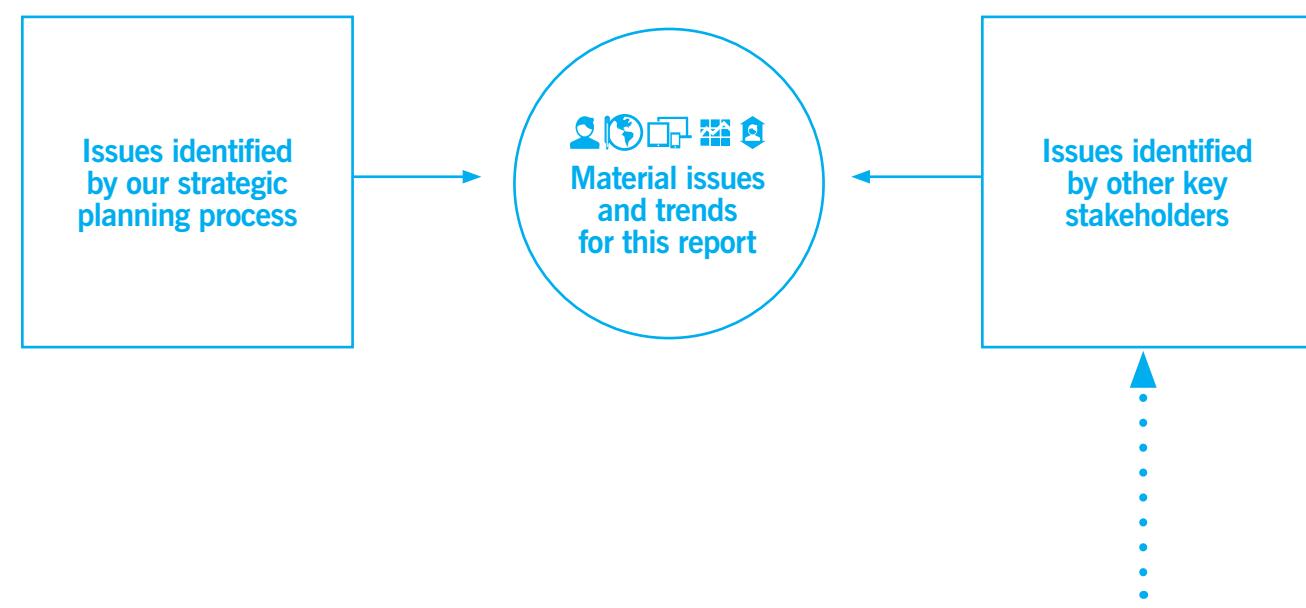
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Our reporting materiality

For the purposes of this Integrated Annual Report, the process of identifying, prioritizing and validating the material issues and trends that impact our key stakeholders and our organization was formally launched in 2016.



Integrated Annual Report materiality process timeline

2016

We gathered top issues and trends through our strategic planning process and scanned, monitored and researched industry publications and reports to identify material topics. We then validated and prioritized identified issues and trends based on their importance to us and our stakeholders. We engaged an internal Integrated Report Working Committee composed of senior executives and the Board Sustainability & Citizenship Committee, and an external panel of industry peers, non-profit partners, member organizations, clients and experts that was facilitated by a third-party organization.

2017

We validated material issues and trends identified and prioritized in 2016 through internal and external Integrated Annual Report surveys, and through the Integrated Report Working Committee.

2018

We validated material issues and trends identified and prioritized through surveys distributed at The Co-operators Annual General Meeting to member organization delegates, our Board of Directors, employees and Financial Advisors (113 respondents), and to readers of the 2017 Integrated Annual Report who opted to provide feedback (36 respondents). Ninety-nine per cent of respondents agreed or strongly agreed that report content was relevant. Respondents also requested more information on impact investing (see pages 50–55), and employees' support of and accountability to us (see pages 60–61).

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Material issues and trends: The world around us

Throughout this report, we highlight material issues and trends in the world around us that impacted our organization, stakeholders and society at large in 2018. We outline how we are addressing or responding to them through our products, services, solutions and advocacy.



1. Client prosperity and peace of mind

We are committed to the financial, social and environmental resilience of our clients. Risks discussed throughout this report threaten the financial security of clients, including climate change, emerging technologies and financial volatility. These issues and others have widened the “protection gap” of certain clients, where they do not have adequate coverage for the risks they face.

2. Climate change and the transition towards a low-carbon economy

The impact of a changing climate on Canadians is increasing. Advocating for climate change mitigation and adaptation, investing in the low-carbon economy, and designing products that meet the challenges posed by climate risks are essential to the resilience of our clients, communities and our organization.

3. Emerging technologies

Technological change is testing the ability of organizations to stay relevant and effective. Shifts in client preferences and behaviours, the changing nature of transportation, advancements in medical technologies, cybersecurity risks, the sharing economy, the Internet of Things and more, all promise to disrupt the insurance and financial services industry.

4. Economic challenges

While the last decade has been largely positive for investors, market volatility and low interest rates represent a challenge to long-term returns and the risk of economic headwinds remains present. Globally, uncertainty persists due to geopolitical unrest and trade disputes.

5. Demographic shifts and social inequality

As a greater proportion of the population reaches retirement age, increased demand for elder care, and higher incidences of chronic diseases and mental health concerns, will place families under greater financial and emotional strain. Social inequality will remain a challenge as other issues and trends accelerate or increase in the future.



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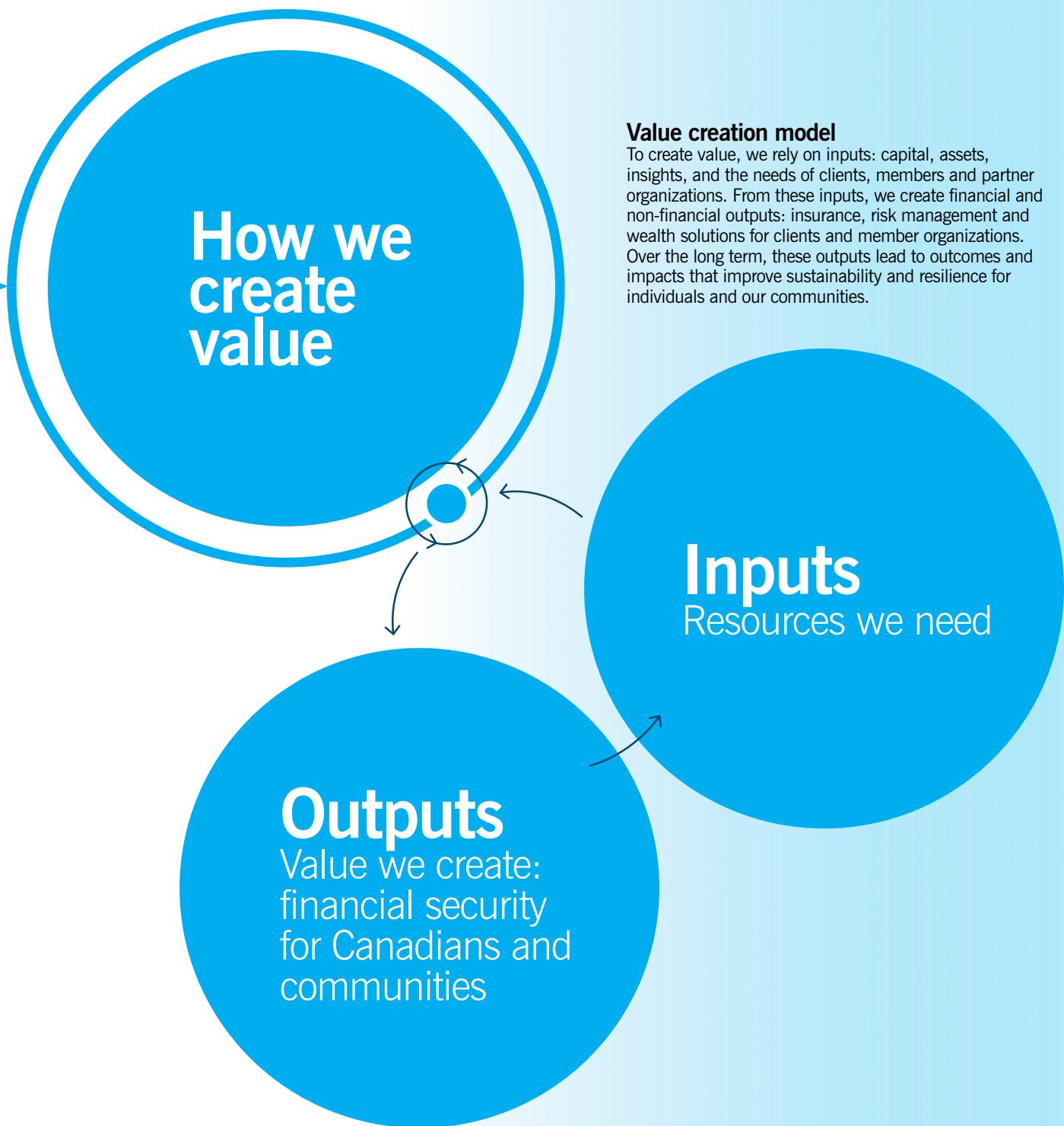
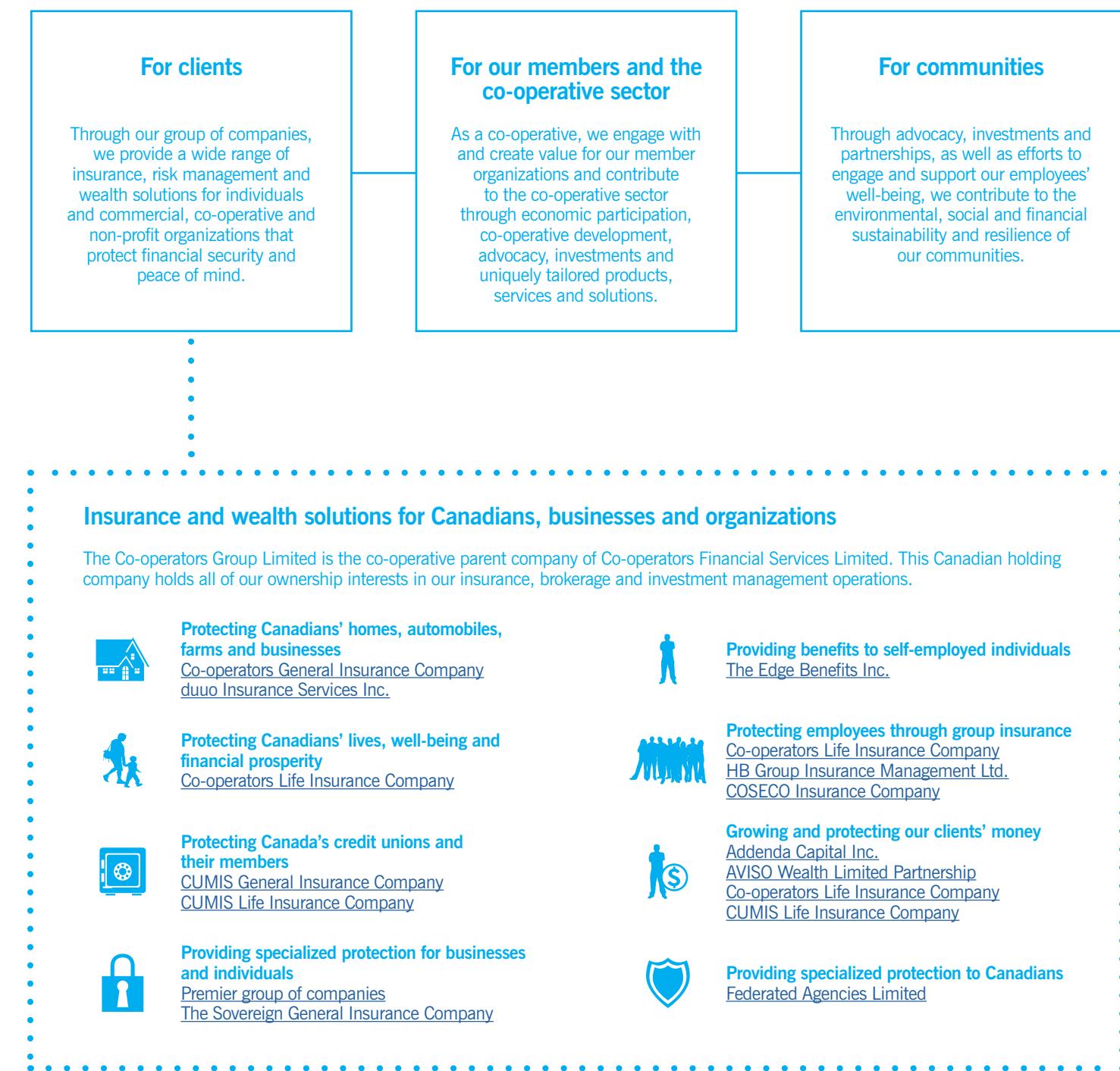
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How we create value

Beyond providing insurance, risk management and wealth solutions for our clients, we aim to create lasting financial, social and environmental value for our stakeholders and society.



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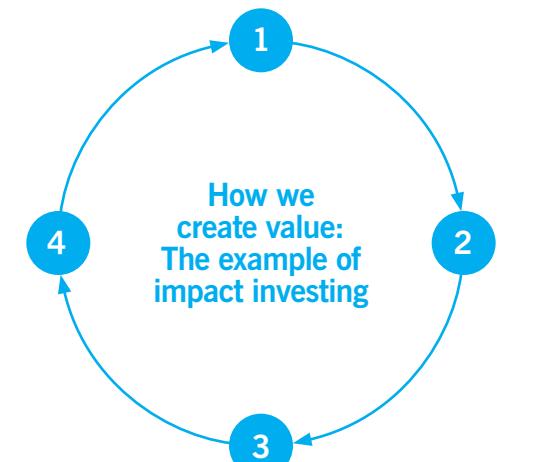
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Value creation at a glance

Everything from the financial capital we hold to the people we employ allows us to insure, protect and provide financial prosperity for our stakeholders, who sustain our organization over the long term.



1. Input
Clients provide us with premiums and deposits

2. Output
We invest a portion of this money into impact investments that address environmental and social challenges

3. Outcomes
In 2017, projects in which we invested resulted in market-like financial returns and generated 229.0 million MWh* of renewable energy

4. Impacts
These investments grow the sustainable economy and make communities more sustainable and resilient

For more on impact investing, see pages 50–55.

*Impacts are the result of the entire investment entity, not solely from The Co-operators investment.

INPUTS

Inputs from our stakeholders enable us to provide protection, prosperity and peace of mind for our clients and members.

From clients

\$3.89 billion Total operating revenue
\$4.25 billion Direct written premium
\$3.68 billion Individual and Group assets under management
\$26.0 billion Institutional assets under management

Clients provide needs, ideas and insights that shape the products and services we provide.

From members and co-ops

113,413 households in the Member Benefits Program
\$1.03 billion in co-operative business
45 member organizations**
126 delegates from

7 regions across Canada provide insights and expertise, and are essential to the democratic governance of our organization

From communities

5,350 employees[†]
2,753 licensed insurance representatives, including:
496 exclusive Financial Advisors
636 retail outlets across Canada

Through partnerships and collaborations, we gain information and research that helps us build more sustainable, resilient communities:

- > Enactus Canada
- > Institute for Catastrophic Loss Reduction
- > Partners for Action Network
- > Partners in Protection/FireSmart Canada
- > Smart Prosperity

OUTPUTS

Outputs are the direct result of our activities and the products, services and solutions that we offer.

For clients

\$2.12 billion claims and benefits paid
We insure
875,000 homes
1.4 million vehicles
230,000 employees through Group Benefits plans

We protect

663,000 lives
We provide coverage for **40,000** farms and **306,000** businesses
We provide Creditor Life insurance to **565,000** Canadians
We manage assets for **156** institutions
We serve **252** credit unions, with more than **5.7** million members

For members and co-ops

\$12.0 million Member Loyalty Program payment
\$1.6 million distributed to support co-operatives

For communities

81% carbon emissions reduction since 2010
4.3% of pre-tax profit donated
13.1% total impact investments[‡] (percentage of invested assets)

For our organization

\$11.5 million net loss after tax attributable to members

OUTCOMES & IMPACTS

These result from our outputs and reflect the social, environmental, intellectual and financial value created for clients, members, communities and our organization.

For clients

J.D. Power Customer Satisfaction Awards:
Home

Ranked highest in Western region

Auto
Ranked highest in Alberta and Atlantic regions

38 Credit Union Net Promoter score

For members and co-ops

93% Member Relationship Index

90% Member Engagement Score

81% of employees understand the importance of co-operative business relationships to our ongoing success

For communities

1.94 million Canadians reached by our World is Changing resiliency video campaign, raising awareness of extreme weather and climate change impacts

Impact investments contributed to projects and initiatives that generated **229.0 million MWh*** of renewable energy

For our organization

78% aggregated Employee Engagement Score

94% employee retention rate

73% Financial Advisor Satisfaction Index

We are working to better track, measure and report on the outcomes and impacts of the value we create for our clients, members, employees and communities.

**The Co-operators Group Limited has 45 member organizations that govern our organization. [†]Includes employees from Premier group of companies and The Edge Benefits Inc. Non-financial reporting items for these entities have not been included in this report, unless otherwise noted.

[‡]Includes impact investments made with intent since the launch of our strategy and those that pre-date the strategy.

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DISTINCT IN OUR CO-OPERATIVE CHARACTER

Our co-operative nature compels us to focus on the pursuit of profit for people: we seek financial strength to ensure we can meet the unmet needs of our members, clients and communities. Our members, the ways we engage and support them, and how we are governed are integral parts of who we are and shape the products, services and solutions we provide.



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Section highlights

The following is an overview of key performance indicators and information that demonstrates member engagement, governance and Board performance. Read on for additional metrics and further discussion of our 2018 performance.

Member Engagement Score

What it is and why it matters

A measure that ranks the level of engagement of the corporate contacts of our member organizations, this is an indication of our ability to stay effective and relevant with our members, a cornerstone of good governance and organizational resilience.



2015: 91%
2013: 88%

Target: 85%

Status: Above target

For more, [see page 18](#).

**2017 results. Our Member Engagement Score is measured biennially.*

Representation of women on the Board of Directors

What it is and why it matters

The proportion of directors on our Board who identify as women is a key element of ensuring we have a diverse, inclusive Board to govern the organization.



2017: 23%
2016: 23%

Target: 30% by the end of 2020;
50% by the end of 2025

Status: In progress

For more, [see page 20](#).

Member Loyalty Program payment

What it is and why it matters

An annual program that provides a payout to our member organizations based largely on member business with the company.

\$12.0m

2017: \$14.8 million 2016: \$14.7 million

For more, [see page 18](#).

More about our co-operative nature

What is a co-operative?

Co-operatives are values-driven organizations that share a common set of global principles. There are many kinds and sizes of co-operatives around the world, operating in a wide variety of sectors.

Co-operatives don't exist to maximize quarterly profit for shareholders. We exist to serve the needs and best interests of our members and clients. We also offer opportunities for members to have an equal voice in our governance under the democratic principle of "one member, one vote," while sharing in the profits of the business.

Co-operative and credit union clients are key to our strength

The business we conduct with and through members, co-operatives and credit unions represents more than one quarter of our total premiums. This significant milestone was achieved in 2018, with our co-operative business volume now at \$1.03 billion.

A keystone of our business, our member organizations, Canadian co-operatives and their members are significant drivers of growth and value for our organization and our stakeholders.

We are co-operative at our core

The Co-operators Group Limited is a co-operative entity that owns all insurance, brokerage and investment management subsidiaries in our group of companies. These companies, while not co-operatives themselves, are governed by co-operative principles. One of our companies, Co-operators General Insurance Company, has publicly traded preferred shares and is subject to the same regulatory and disclosure requirements as publicly traded companies.

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Our mission: Financial security for Canadians and their communities

Client needs are always changing. As risks emerge and evolve, we analyze them through the lens of how they may affect the short-term and long-term financial well-being of the people we serve. Then, we work to develop solutions, seeking first to do the right thing, while ensuring we remain profitable to continue creating value and meeting needs over the long term.

Guided by global co-operative principles

The seven global co-operative principles, outlined by the International Co-operative Alliance, guide our decision-making. These principles unite us with other co-ops in a global movement of organizations connected to their communities and members.

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

To learn more about the global co-operative principles, visit ica.coop/en/cooperatives/cooperative-identity.

Our vision

The Co-operators is valued by Canadians as...

A champion of their prosperity and peace of mind

Through ongoing consultation and analysis with members and clients, we work to develop products and solutions for a wide range of needs for individuals and organizations.

A trusted leader in the financial services industry, distinct in its co-operative character

Our co-operative values guide and enable us to develop unique solutions to meet member and client needs. To be a leader in the financial services industry, we are committed to staying efficient and innovative.

A catalyst for a sustainable society

Environmental and social values co-exist alongside financial prosperity. By [embedding sustainability](#) into all we do, we can be a catalyst by actively convening and collaborating with others working towards a sustainable future.

Our statement of values

At The Co-operators, we:

- > act with integrity
- > treat our members and clients with respect
- > inspire and support our employees in their achievement of excellence
- > give life to co-operative principles and values
- > balance our economic goals with concern for the environment and the welfare of society



World around us: Climate change; economic challenges; client peace of mind

Embedding climate risk into our governance

In 2017, we officially supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2018, we began implementing a three-year road-map for embedding the TCFD recommendations into our decision-making processes and governance. Understanding our climate risk is an integral component of this work, led by our Board's Sustainability & Citizenship Committee, and Risk and Compensation Committee. Both committees amended their terms of reference to include monitoring climate-related issues. In addition, climate-related knowledge and skills were built into the Director Skills Matrix, pending Board approval in 2019, to further build capacity around the Board table.

Annually, the Sustainability & Citizenship Committee, with the president and CEO, chairperson of the Board and select vice-presidents discuss progress of our sustainability embedment, challenges including climate change, and future planning.

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Our democratic structure

We are governed by 45 member organizations, including co-operatives, credit union centrals and representative farm organizations. The member organizations comprise millions of people across Canada. Together, we deliver broad benefits to members, clients, communities, and the co-operative and voluntary non-profit sectors. Through insights, diverse perspectives and democratic governance, our members keep us oriented to our purpose and the people we serve.

Our 45 members appoint a total of 126 delegates, who then nominate and elect 22 directors that make up our Board of Directors through a “one member, one vote” democratic principle.

The 22 directors of The Co-operators Group Limited are [independent](#) from the management and operation of the business, and there is no link between [director compensation](#) and our performance. Profiles of our directors, details on the role of the Board, and descriptions of its committees can be found [online](#).

The Co-operators Board of Directors is responsible for key governance activities, including:

- > Articulating the mission, vision and values
- > Setting the strategic direction of the organization
- > Appointing, selecting and managing the performance of the president and CEO
- > Ensuring the organization's financial viability
- > Ensuring The Co-operators maintains a leadership role in the financial services industry and co-operative movement

Board composition

22 directors

• **16** men
• **6** women

Ranging in age from **48 to 74**

• **0** visible minorities

• **1** person of First Nations, Inuit or Métis heritage

• **7** French-speaking

• **7** regions represented

British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Atlantic



Did you know?

The Co-operators conducts a formal review of our governance structure every 10 years

At least every decade, we undergo a democratic structure review (DSR) process. The purpose behind these reviews stems from a recognition that we must be vigilant to ensure that our governance structure remains representative of the co-operative sector in Canada. At the same time, it must be dynamic, continue to serve our members' needs and stay relevant. To date, there have been a total of five DSRs, which included extensive member consultation, produced valuable member insights and input, and contributed to the evolution of our democratic governance structure. The next DSR was initially scheduled for 2020. However, given the pace of change in today's business environment and opportunities within our democratic and governance structures, the Board decided to accelerate the next review to commence in 2019.



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Our member organizations

Our members span many sectors and seven regions across Canada.



British Columbia

- > Agrifoods International Cooperative Limited†
- > BC Agriculture Council
- > BC Tree Fruits Cooperative
- > Central 1 Credit Union†
- > Modo Co-operative
- > Mountain Equipment Co-op†
- > PBC Health Benefits Society
- > Realize Strategies Co-op

Alberta

- > Alberta Federation of Agriculture
- > Alberta Federation of Rural Electrification Associations
- > Credit Union Central Alberta Limited
- > Federation of Alberta Gas Co-ops Ltd.
- > UFA Co-operative Limited

Saskatchewan

- > Access Communications Co-operative Limited
- > Agricultural Producers Association of Saskatchewan
- > Credit Union Central of Saskatchewan
- > Federated Co-operatives Limited†
- > Regina Community Clinic

Manitoba

- > Arctic Co-operatives Limited
- > Caisse Populaire Groupe Financier Ltée
- > Credit Union Central of Manitoba Limited
- > Granny's Poultry Cooperative (Manitoba) Ltd.
- > Keystone Agricultural Producers

Ontario

- > Caisse Populaire Alliance Limitée
- > Co-operative Housing Federation of Canada†
- > Gay Lea Foods Co-operative Limited
- > GROWMARK, Inc.
- > Ontario Federation of Agriculture
- > Ontario Organic Farmers Co-operative Inc.
- > St-Albert Cheese Co-operative Inc.
- > United Steelworkers – District 6†

Quebec

- > Fédération des coopératives d'alimentation du Québec
- > Fédération des coopératives funéraires du Québec
- > Fédération québécoise des coopératives en milieu scolaire/COOPSCO
- > La Coop fédérée
- > La Fédération des coopératives du Nouveau-Québec
- > william.coop

Atlantic

- > Amalgamated Dairies Limited
- > Atlantic Central
- > Atlantic Retail Co-operatives Federation
- > Canadian Worker Co-operative Federation†
- > Newfoundland-Labrador Federation of Co-operatives
- > Northumberland Cooperative Limited
- > Scotian Gold Cooperative Limited
- > UNI Coopération financière

[†]Multi-region

BC Agriculture Council

BC Agriculture Council — the only province-wide general farm organization representing the farmers and ranchers of British Columbia — is driven to improve the social, economic and environmental sustainability of BC farms and ranches.

Scotian Gold Cooperative Limited

Scotian Gold stores and packs 60 per cent of the apple production in Nova Scotia and is one of the largest operations of its kind in Eastern Canada. Scotian Gold sources its fruit from family-operated apple orchards across the province.

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How we engage our members

We work to identify and understand the needs and interests of our members, deepening and strengthening our relationship beyond being their insurance and financial services provider of choice. This commitment has led to customized product offerings and dedicated service channels, and placed greater emphasis on building relationships with members' key corporate contacts.

Performance snapshot

Member Engagement Score

A measure that ranks the level of engagement of the corporate contacts of our member organizations.



2015: 91%
2013: 88%

Member Relationship Index

A measurement based on the level of relationship effectiveness as evaluated by member delegates and corporate contacts.



2015: 90%
2013: N/A

Member Loyalty Program payment

An annual program that provides a payout to our member organizations based largely on member business with the company.

\$12.0m

2017: \$14.8m 2016: \$14.7m

Target: 85%

Target: 85%

*2017 results. Member Engagement Score and Member Relationship Index are measured biennially.

We engaged members in the development of our corporate strategy and strategic discussions

> Members provided important input during the Delegate Regional Forums and the 2018 Annual General Meeting into the development of our 2019–2022 corporate strategy, which is co-developed by the Board and senior management.

We launched a new strategy to enhance the experience of our members

> We launched a Member Experience Strategy to enhance our offer to members, highlight our shared relevance, and integrate a “best in class” member relations experience.
> We held a Member Experience Summit to provide opportunities for education, discussion and networking; to share thought leadership and expertise; and to gather input and insights.

We continued to reward members for doing business with us and participating in our governance

> Our Member Loyalty Program returned \$12.0 million to members.
> We enhanced the Member Loyalty Program in 2018 by increasing the proportion of pre-tax income available for member payments and basing payments on a three-year rolling average to reduce annual payment volatility.

Challenge

Integrating our member experience to better engage all member contacts

We have different relationships within our member organization contacts. Our delegates are involved in the governance of the organization. Other corporate contacts engage with us through a business relationship as business and co-operative partners, and as clients. The 2017 Member Engagement Survey showed that member corporate contacts without a governance relationship with us had a 10 per cent lower level of engagement than those who were engaged in governance activities. Through our Member Experience Strategy, we aim to ensure a consistent, connected experience for all member contacts.

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Member organization profile:

Modo – A car-sharing co-operative

Modo is Canada's first and largest member-owned car-share co-operative. Established in British Columbia in 1991, their goal is to reduce dependency on private vehicle ownership and improve livability in the regions they serve. Working to transform communities by connecting people with places in a way that's affordable, convenient, inclusive and sustainable, Modo offers a practical alternative to car ownership.

Modo has been a member organization and client of The Co-operators since 2008, and in this time has seen great value in the mutually beneficial relationship of membership. Over the years, Modo has collaborated with The Co-operators on initiatives including joint-promotion and membership perks, the funding of research and the exploration of vehicle technology.

“

Tapping into the resources and expertise of The Co-operators has brought significant value through networking, sharing ideas and innovating with other member organizations.”

Patrick Nangle
CEO, Modo Co-operative

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Improving diversity in our governance

We consider diversity — of age, culture, ethnicity, gender, geographic and sectoral representation, and skill — as a key driver of our co-operative identity, competitiveness and governance strength. We are committed to improving diversity at the Board and delegate level, and recognize we have much further to go. The Board of Directors has identified both the representation of women and diversity of skills as priority areas of focus.

Performance snapshot

Number of days a year directors spend in training and development

66

2017: 71 2016: 50

Number of directors with a professional designation

10

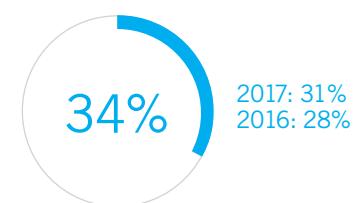
2017: 11 2016: 11

Representation of women on the Board of Directors



Target: 30% by the end of 2020;
50% by the end of 2025

Representation of women in the pool of delegates



Target: 50% over the long term

We're working to improve diversity of skills in our governance, for directors and delegates

In 2018, we:

- > Reviewed our [Director Skills Matrix](#) — a guideline that identifies the desired knowledge, skills and experiences on our Board — to ensure it reflects the future needs of the organization's governance.
- > Conducted individual director and chairperson of the Board [performance assessments](#).
- > Continued our learning pathway approach for [director development](#), which holistically examines all director and Board education activities, maintains focus on core competencies, and offers individually customized approaches to learning.
- > Provided education sessions and workshops relevant to insurance and financial services for directors during biannual Board education days, and to delegates throughout the year at region meetings and during our Annual General Meeting.
- > Refreshed the assessment of our [Delegate Skills Matrix](#) to better identify strengths and gaps in delegate knowledge and skills, and our [Diversity Report Card](#) to measure, track and report progress towards our diversity goals.



Challenge

Ensuring we have the skills to govern increasing complexity

The nature of our business is becoming faster, more challenging and increasingly complex. It is critical to attract candidates through the director nomination process who possess knowledge and skills that are applicable to the financial services and insurance sector. We are focused on financial and risk training and education at the director level, and communicate desired skills, existing areas of strength and gaps to our member organizations.

We continue to promote increased representation of women in our governance structures

In 2018, we:

- > Held a Diversity World Café with delegates during the Annual General Meeting to discuss the importance of diversity in the governance of organizations. This provided an opportunity for the exchange of ideas and a forum for additional input to support the advancement of diversity goals.
- > Implemented a delegate mentorship program to encourage the representation of women and diverse candidates in our governance.
- > Focused the language of our director call for nominations to better emphasize our diversity goals, and embedded the Delegate Skills Matrix and Delegate Diversity Report Card into the delegate appointment process.
- > We participated in and hosted dialogues on diversity in governance through guest speakers, roundtables and presentations at member events.



Challenge

We need to improve gender representation in our governance

After several initiatives to improve gender representation in our governance, we have seen only incremental progress, and are at risk of not hitting our targets. We will continue to advocate for and promote the benefits of gender parity in our governance through in-person presentations, the delegate appointment and director nomination processes, annual general meetings and other member engagement opportunities.

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“

A relationship of trust has made The Co-operators an invaluable partner for the development of FCNQ. As members, we can better promote the co-operative movement in Nunavik and collaborate with other members to build social and economic strength.”

François Day
General Manager, FCNQ

Member organization profile:

La Fédération des coopératives du Nouveau-Québec (FCNQ)

FCNQ is owned by 14 member co-ops in the Inuit communities of the Hudson and Ungava coasts of Northern Quebec — now referred to as Nunavik. FCNQ was established in 1967 to provide the rapidly growing co-operative movement with more effective powers and services to help attain their vision: Atautsikut/Together — working to develop as a people, leaving none behind.

The co-ops in FCNQ are managed exclusively by Inuit and Cree staff, thereby ensuring that the knowledge and experience gained from operating their collective enterprises remains an asset of the community, with a common goal to unite the community and act as spokespeople for their interests.

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A CHAMPION OF CLIENT PROSPERITY AND PEACE OF MIND

We provide insurance, risk management and wealth solutions for clients with a wide variety of needs, preferences and risk exposures. Our clients include credit unions, farm operations, small businesses, large investment firms, non-profits, individual Canadians, and many more. While products and solutions are diverse, the purpose behind them is unified: they exist to meet the needs of our clients.



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Section highlights

The following is an overview of key performance indicators that demonstrate how well we are engaging clients and meeting their needs. Read on for additional metrics and further discussion of our 2018 performance.

Claims and benefits paid to clients

What it is and why it matters

The total amount of dollars paid to all clients in claims and benefits is both a reflection of money paid to clients to protect their financial security following a loss, and our ability to meet the needs of our clients.

\$2.12b

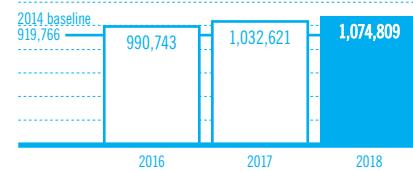
2017: \$1.97b 2016: \$1.86b

For more, [see page 34](#).

Total client households

What it is and why it matters

The number of client households of Co-operators General, Co-operators Life and COSECO, for all retail business lines, is an indication of our growth over time. It demonstrates the number of Canadians that choose to trust us.



Target: Add more than 100,000 client households by the end of 2018 from the start of 2015

Status: Above target

For more, [see page 37](#).

J.D. Power Customer Satisfaction Awards

What it is and why it matters

J.D. Power ranks Canadian insurers for home and auto insurance client satisfaction in regions across Canada. It is a strong indicator of client satisfaction, benchmarked across the industry.

Home
Ranked highest in Western region

Auto
Ranked highest in Alberta and Atlantic regions

Target: Achieve a ranking of third-highest or above in every region where eligible and win at least two awards

Status: In progress

For more, [see page 24](#).

Individual and Group assets under management (wealth management – Life operations)

What it is and why it matters

The dollars our individual and group clients have invested with us, which includes net client deposits and the change in value of assets under management from investment performance. Growth in this indicator measures our success in delivering financial solutions that meet the saving and investment needs of our clients.

\$3.68b

2017: \$3.69b 2016: \$3.81b

Target: \$4.07b by the end of 2018
Status: Below target

For more, [see pages 29–30](#).

Total co-operative business volume

What it is and why it matters

The amount of revenue from co-operative and credit union clients, represents our relevance and effectiveness in meeting the needs of Canadian co-operatives and their members. It also highlights the relevance of our members and their co-operative members to us.

\$1.03b

2017: \$890.5m 2016: \$728.3m

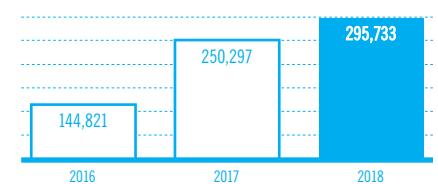
Target: \$950m by the end of 2018
Status: Above target

For more, [see page 32](#).

Number of Comprehensive Water policy endorsements

What it is and why it matters

The number of clients covered by our Comprehensive Water product across Canada shows our commitment to making comprehensive flood coverage available to all Canadians, regardless of their level of risk.



Target: 300,000 by the end of 2019
Status: In progress

For more, [see pages 26–27](#).

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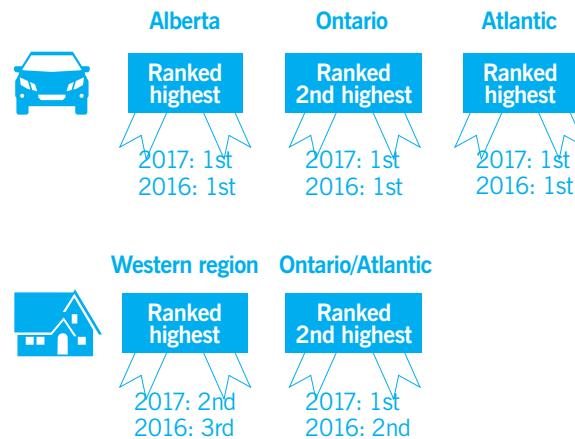
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Enhancing our client experience

Four years ago, we set a goal of being the industry leader in client engagement. Today, we have achieved our goal, and have consistently made decisions regarding products, services and solutions through a client lens. We have developed an integrated omni-channel client experience with a strong focus on enhancing our digital channels and capabilities, and we will continue to listen to clients and evolve in response to their changing needs and preferences.

Performance snapshot

J.D. Power Customer Satisfaction Awards

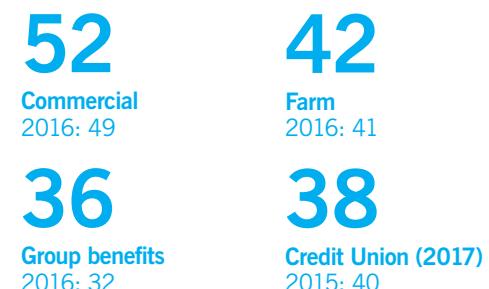


Target: Achieve a ranking of third-highest or above in every region where eligible and win at least two awards.

Clients rate us at the top of the industry for Home and Auto insurance

The J.D. Power Customer Satisfaction Awards are a strong indicator of our performance in client satisfaction compared to the industry in regions across Canada. For Auto, we have ranked highest in Alberta for five consecutive years, and four consecutive years in the Atlantic region. In 2018, we ranked highest for Home in overall customer satisfaction in the Western region and second-highest in overall customer satisfaction in the Ontario and Atlantic regions.

Net Promoter Scores



Our overall Net Promoter Score is the highest among key competitors

This survey measures the willingness of our Commercial, Farm, Group Benefits and credit union clients to recommend The Co-operators to friends and family.

What is Net Promoter Score?

The score is measured on a scale from -100 (clients are active detractors) to 100 (clients are active promoters). Our overall Net Promoter Score of 37 continues to far exceed the competitor average of -4.



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Clients can call, click or come in

As client preferences continue to shift towards conducting business and communicating via online channels, we have enhanced our digital client experience without sacrificing local Financial Advisor and telephone support. Our “omni-channel” model has been instrumental to our success, and we are the only major insurer in Canada currently working to deliver this type of distribution model coast-to-coast.

Performance snapshot

Number of online transactions completed	Percentage of households registered for Online Services
1,797 2017: 97 2016: N/A	16.4% 2017: 7.2% 2016: N/A



Target: 15% by the end of 2018

We are continuing to enhance our online capabilities and launch new digital services and solutions

- > We have launched more real-time, online transaction capabilities for clients, enabling them to file Home and Auto claims online using a computer or mobile device. Clients use these features most after business hours and during periods of peak activity such as major weather events.
- > We have built enhanced security around Online Services to further protect clients.
- > We have better enabled clients to make changes to their Auto and Home policy and coverages online in real-time, including through the mobile app. Early reviews have been positive, and we continue to add to our online offerings almost monthly.



World around us: Emerging technologies; client prosperity
Technological change in a crowded market

The digital insurance space in Canada continues to evolve, with most of the leading-edge technological innovations coming from niche players and start-ups demonstrating that change is possible in a crowded and highly regulated marketplace. As online channels become more ubiquitous and sophisticated, our clients are measuring their online experiences not against similar players in the insurance sector, but against all online experiences. In this way, we must compete with all brands. We are placing greater focus on innovation, pace of execution and agility to meet rapidly changing customer expectations.

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Home and Auto insurance solutions for Canadians

We have always worked to develop insurance products that address the unmet or underserved needs of Canadians in changing times. In 2015, we brought Canada's first overland flood insurance product to market and became the only insurer to cover Canadians who are most vulnerable to flooding. In 2018, we expanded this coverage to include damages from storm surge, another Canadian first. We have incentivized safer driving behaviours using technological innovation, designed products and services that promote sustainable client choices, and launched a new brand and product to meet client needs in the rapidly evolving digital economy.

Performance snapshot

Number of Comprehensive Water policy endorsements

295,733

2017: 250,297 2016: 144,821

Target: 300,000 by the end of 2019

Number of en-route Auto Program® active vehicles

38,366

2017: 39,580 2016: 38,257

Target: 100,000 by the end of 2020

Percentage of Home/Auto clients with two or more products with sustainability features



16%

2017: 12.2%
2016: 6.74%

Target: At least 50% by the end of 2020

Products with sustainability features

Fire sprinkler discounts

36,208

2017: 33,514 2016: 29,757

Hybrid/electric vehicle discounts

5,319

2017: 3,584 2016: 2,760

Envirowise® LEED discounts

235

2017: 233 2016: 216

A full list of all products and services with a sustainability feature can be found [online](#).

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We made overland flood and storm surge coverage available for all Canadians, even those at highest risk

Our Comprehensive Water product now covers storm surge, in addition to overland flooding and storm and sewer back-up. We became the first and only insurer to offer storm surge protection to address the increasing severity of extreme weather in Canada's coastal regions.

- > Comprehensive Water was made available for homeowners in all provinces and territories in Canada, achieving our target of rolling out nationally by the end of 2018.
- > Over 295,000 Canadian households are covered by this product, which pinpoints flood risk down to the individual household. While clients have experienced rate changes that vary based on their risk exposure, we have seen strong product adoption and retention rates across all risk levels.

Challenge

More needs to be done to improve flood mapping and flood risk awareness in Canada

Flood mapping is still in its infancy in Canada and outdated municipal flood maps are not aligned with up-to-date models. This affected roll-out times for our Comprehensive Water product and caused client confusion in some cases. More work needs to be done to inform clients about their own flood risk, and to continually monitor and update clients' risk as it continues to evolve.

We are embedding sustainability into discounts, policy endorsements and specialized products

- > 16.0 per cent of our Home and Auto clients have two or more products with sustainability features. This is up from just 1.24 per cent in 2015, but is still far from realizing our target of 50 per cent by 2020.
- > In 2018, we piloted a Home insurance discount to promote wildfire resiliency in select communities in Alberta and British Columbia. This pilot, through the FireSmart™ Home Partners Program, helps homeowners identify ways they can reduce wildfire risk, apply loss prevention measures, get FireSmart™ Certified, and enjoy savings on their insurance.
- > We offer an Envirowise® discount of 10 per cent for eligible Leadership in Energy and Environmental Design (LEED) certified homes and businesses.
- > We provide an automatic discount of five per cent to clients driving hybrid and/or electric vehicles in select provinces and territories.

We have enhanced our en-route Auto Program in Ontario to incentivize safer, more sustainable driving habits

This program reports driving behaviours and environmental impacts to clients using telematics, highlighting where safety and efficiency changes can be made during vehicle trips. Clients receive a five per cent discount on sign-up, and through their own safety and efficiency improvements, are eligible for discounts of up to 25 per cent.

- > We launched a mobile app that drivers can download to their smartphones to record, track and monitor their driving behaviours for premium discounts.
- > 38,366 active vehicles used the en-route Auto Program in 2018. In 2019, we will convert all eligible clients to the new app and focus on gathering additional insights into driving behaviours using the data collected from this program.



World around us: Climate change; client prosperity Floods are changing

Water has surpassed fire as the costliest cause of damage to Canadian homes (Insurance Bureau of Canada, 2018). It's no longer possible to rely solely on historical models, as floods have become more frequent, severe and unpredictable, and are having a greater financial and social impact on clients. In 2018, we upgraded our online personalized [flood risk assessment tool](#); produced a flood resiliency video campaign; engaged in cross-sector advocacy with government, industry and community partners for improved flood adaptation and resilience; and renewed our investment into research through our partnership with the Partners for Action Network at the University of Waterloo.

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duuo

Introducing duuo by Co-operators™: On-demand insurance for the digital economy

In partnership with insurtech company Slice Labs Inc., we launched a new insurance brand and an on-demand insurance product for home-sharing hosts who rent their properties using platforms like Airbnb®, HomeAway® and VRBO®.

This insurance solution was designed to address a growing needs gap in the digital marketplace, providing an on-demand home insurance product for an expanding segment of the population who rent out their premises. This flexible product can be instantly activated for the duration of the stay to fit the evolving needs of Canadians using a fully digital, mobile self-serve model, where clients input their name, email address and property address to secure a policy.

Through duuo, an agile online platform, we will continue to roll out a suite of innovative, flexible and client-focused products and services. For more information, visit duuo.ca.

“
We were founded by a small group of farmers and social pioneers who found that their needs were not met by traditional insurance, so they found a new way of protecting their financial security. Today, duuo represents the 21st century version of this mindset, enabling us to meet the underserved insurance needs of Canadians participating in a highly innovative digital economy.”

Robert Wesseling
President and Chief Executive Officer

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Life insurance and wealth solutions for Canadians

Amidst improved healthcare and medical technologies, market and investment volatility, and widening social inequality, there is an increased need for financial resilience among a greater number of Canadians. Ensuring clients have adequate protection and a strong financial plan not only improves individual and household prosperity, it also helps to build socially and financially resilient communities.

Performance snapshot

Acceptional Life®: New annual premium

\$271,000

2017: \$130,000 2016: \$255,000

Target: \$184,000 by the end of 2018

Individual client accounts with a wealth management policy

44,728

2017: 40,403 2016: 36,830

Target: 46,300 by the end of 2018

We are bringing peace of mind for survivors of critical illnesses through Acceptional Life®
Acceptional Life® is our Life insurance product for Canadians who have been declined by other insurers due to medical issues such as stroke and cancer, or lifestyle reasons like a history of speeding tickets. This product is currently available in all provinces except Quebec.

In 2018, we introduced a new return of premium benefit to all new policies, which is provided if a death benefit is denied due to a policy-specific exclusion. After introducing this benefit, we have seen a positive uptake and new annual premiums have more than doubled since 2017.

We introduced a new online, direct-to-consumer Life insurance product for simple coverage and convenience

Clients can now obtain a Term 1 Life insurance policy [online](#) in as little as 15 minutes, without the need for a medical assessment. This product is renewed annually, with coverage ranging from \$50,000 to \$450,000.

We are focused on bringing financial well-being and long-term prosperity to clients through enhanced wealth management solutions

- > Currently, 44,728 clients have a wealth management plan with us, and we have \$1.26 billion in individual client assets under management.
- > We implemented a new financial assessment software for clients that encompasses client goal-setting, needs analysis and portfolio recommendations, in addition to financial planning tools and calculators available online.
- > We launched Aviator Portfolios™, which offer lower overall volatility without sacrificing return, and better capital preservation for investors when times get tough. These portfolios are diversified segregated funds with lower fees and guarantees, designed as a secure investment and estate planning product for investors with above-average investable assets.
- > We did not achieve our target for policy counts in 2018, driven by poor investment market performance and volatility.



Did you know?

We engage Canadians through our Community Advisory Panel

Now in its 14th year, our Community Advisory Panel program continues to embody our co-operative values by providing a forum to enable clients and community members to comment and provide feedback on our products, services, and community initiatives. As one example, in 2018, we consulted with community members on their wealth management needs and preferences.

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Insurance and wealth solutions for commercial clients

From insuring farm equipment to providing specialty insurance and Group Benefits for small to large businesses, we have a suite of products, services and solutions across the group of companies that meet the varied and often complex insurance, protection and investment needs of a wide range of commercial clients.

Performance snapshot

Total Group wealth assets under management

\$2.42b

2017: \$2.49b 2016: \$2.76b

Target: \$2.56b by the end of 2018

Number of employees covered by Group Benefits

230,000

2017: 220,000 2016: 210,000

We are leveraging an opportunity to grow our wealth management business for commercial clients through pensions, mutual funds and investments

- > We launched Aviso Wealth in partnership with Desjardins and five credit union centrals, providing credit union clients and their members with access to a more integrated range of competitive products and services to meet their expanding wealth management needs. With over \$57 billion in assets, Aviso has notable strengths in wealth management, asset management, online brokerage and digital solutions, mutual funds and correspondent services.
- > We have continued building more online wealth management tools and enhancements for Group Benefits plan sponsors and members.
- > Significant market downturn in 2018 negatively impacted results of Group wealth assets under management, and we did not achieve our target as a result.

We launched Privacy Breach coverage as protection against increasing cyber risk

Our Privacy Breach endorsement provides two types of coverage: first, liability coverage to protect business owners in the event that damages are claimed as a result of a privacy breach; and second, expense coverage, which reimburses for costs associated with responding to and mitigating a privacy breach. Clients also gain access to consulting services to help reduce their risk and effectively respond to a privacy breach.

We are continuing to embed mental health supports into our Group Benefits services for commercial clients

- > We commissioned a study with the University of Regina to determine the effectiveness of an Internet Cognitive Behavioural Therapy (ICBT) pilot implemented for Group Benefits beneficiaries. Through ICBT, therapists guide patients through an online program that provides strategies for dealing with depression and anxiety. In 2019, we will include ICBT as part of our extended healthcare plans.
- > In partnership with World Care, we completed the initial phase of our Second Opinion Consult, which provides Group Benefits clients with access to medical specialists who can provide a second opinion on a mental health diagnosis and/or treatment plan.
- > We successfully completed a pilot to offer mental health counselling services to Life insurance claims beneficiaries. Due to the success of the program, we have officially embedded counselling services into our product offering.

Challenge

Increasing claims and price competition challenge Group Benefits

We are making progress on rate activity, disability claims management, mental health education, and solutions to help manage chronic health conditions and high-cost medications. Internally, we have implemented a robust expense discipline. All of this has improved our efficiency ratio and profitability.



World around us: Client prosperity; emerging technologies
The rise of cyber risk

Cyber risk has become an increased threat around the world, yet businesses do not have adequate cyber insurance protection. We have set up a Cyber Management Office (CMO) to advance risk resiliency against the threats of an interconnected world, and to better understand how cyber solutions can be integrated into product lines across our group of companies. The CMO's goal is to enable Financial Advisors, brokers and our other distribution partners to offer more comprehensive, leading-edge coverage to individual and commercial clients.

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Supporting credit unions through a co-operative lens

In Manitoba, Cambrian Credit Union has grown to become one of the largest credit unions serving the Winnipeg and Selkirk marketplaces, with over 63,000 members.

For Cambrian President and CEO Thomas Bryk, ensuring members have adequate protection from events that could derail their financial plans is critical. Beyond providing products and solutions that offer protection and peace of mind for Cambrian's members, The Co-operators (via CUMIS) offers training, coaching, mentoring, and support to build capacity and deliver on Cambrian's strategic priorities, all through a co-operative lens.

CUMIS is not just a supplier — they are a strategic partner. Our partnership works well because we share a member-centric philosophy. I'm confident that our shared co-operative principles have benefited our members in a way that almost certainly would not have happened with a non co-operative organization. It helps to build a trust and respect between organizations that is rare in the commercial world."

Thomas Bryk
President and Chief Executive Officer,
Cambrian Credit Union

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Insurance solutions for co-operatives, credit unions and non-profits

We support organizations actively working to improve the environmental, social and economic well-being of our communities. The uniquely tailored products and services we offer for co-operatives, credit unions, non-profit and charitable organizations demonstrate our commitment to enriching local communities.

Performance snapshot

Total co-operative business volume	Households in the Member Benefits Program	Number of Community Guard® clients	Number of Co-op Guard® clients
\$1.03b 2017: \$890.5m 2016: \$728.3m	113,413 2017: 75,698 2016: 48,308 Target: \$950m by the end of 2018	6,717 2017: 6,325 2016: 5,747	574 2017: 512 2016: 507
			Combined target: 7,540 by the end of 2018

We provide unique products, services and solutions for credit unions and co-operatives that are supporting Canadians and our communities over the long term

- > Our total co-operative business volume of \$1.03 billion represents more than one quarter of our total book of business. Our expanded relationship with brokers has opened doors to insure larger co-ops and non-profits, and we are now positioned as the co-op sector's insurance provider of choice.
- > In addition to serving a majority of Canada's credit unions with a unique value proposition and partnership model, we continue to participate and partner with credit unions on issues advocacy and government relations related to the sector.
- > Co-op Guard® is a suite of products and services tailored to the co-op sector. Through this program we now serve 574 co-operative clients across Canada.
- > Our Member Benefits Program provides product benefits to members of our member organizations, among other services and rewards. In 2018, this program surpassed a milestone of serving 100,000 families across Canada.

Our specialized program for voluntary non-profit organizations provides peace of mind for organizations doing good work in the community

- > Community Guard® provides predictable premiums and sector-specific products and features for charities and non-profit organizations. By doing so, we contribute to the financial security of 6,717 organizations working to build environmental and socioeconomic well-being across Canada.
- > We set an aggressive combined target for both Community Guard® and Co-op Guard®, which was not achieved in 2018. Nevertheless, we increased total premiums by 12 per cent, and will continue to focus efforts on growing this aspect of our business to meet the needs of these important community and co-operative organizations.

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Supporting non-profits with a shared passion for community

A Regina-based non-profit organization, Gear up with John Ryan Foundation is an organization that supports young people through sport, providing protective equipment to give all youth an opportunity to play safely, regardless of financial means. Community Guard® provides Gear Up with the insurance solutions they need to continue offering this program to minor sports associations in Regina. For local Financial Advisor and Community Guard® champion Kevin Bassendowski, the uniquely tailored insurance product provides a competitive advantage through its fair price and specialized services, and an opportunity to engage meaningfully in the local community.



Community insight

"We give 1,500–1,700 kids the opportunity to play the great game of football, while teaching kids about relationships and discipline — things that make you good football players and also good people."

— Len Antonini, Executive Director, Regina Minor Football

“

By getting to know local non-profits and understanding their causes, their passions become our passions. Each non-profit has an individual set of needs, so an individualized insurance product is required. Most of our non-profit clients like to hear that we've developed a product specifically for them.”

Kevin Bassendowski
Co-operators Financial Advisor
Regina, SK

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Claims performance and trends

The value we offer clients is most tangible in our ability to make good on claims in times of need. We are committed to providing fast, efficient and exceptional claims service, and are proactively working to ensure that the ways we assess, price and manage risks are aligned with the pace and degree of change. To do so, we have taken an innovative approach to handling claims in a rapidly changing world.

Performance snapshot

Claims and benefits paid to clients

\$2.12b

2017: \$1.97b 2016: \$1.86b

Major event loss claims (P&C operations)

\$179.5m

2017: \$137.1m 2016: \$483.7m

CGIC consolidated and CUMIS General loss ratio (\$ claims / net earned premiums)



2017: 68.5%
2016: 67.4%

We experienced significantly higher than average claims volume from severe storm activity

> A severe windstorm that swept through Ontario and Quebec in May led to over \$71.0 million in net expenses. It also caused us to reach 80 per cent of our annual major event claims volume just five months into the year. In response, we implemented three additional major event teams to ensure we were able to meet our clients' needs.
> To maintain consistency and performance in restoration of insured properties, we consolidated 60 per cent of our general contractor work through our National Property Vendor Strategy. The two companies selected have strong national presence, are aligned with our co-operative values and embrace sustainable practices in insurance restoration.

We are committed to raising awareness of the negative impacts of distracted driving

> As part of our Drive Out Distraction program, we continued our work as a key member of the Canadian Coalition on Distracted Driving (CCDD) in partnership with Traffic Injury Research Foundation. With the CCDD, we are working alongside a multi-stakeholder group of key influencers — from government, police, academia, the insurance industry, the not-for-profit sector and local communities — on a National Action Plan to combat distracted driving on Canadian roadways. The plan is scheduled for release in 2019.



We are tailoring how we price risk to navigate a new normal of high claims volumes and risk volatility

Through targeted segmentation and rate adjustments, we align our pricing to the evolving nature of risk. To help clients adjust and build resilience, we share information to help clients understand the relationship between their risks and our price, while providing loss-prevention solutions to reduce their overall risk



Did you know?

We have industry-leading Net Promoter Scores in P&C claims

Our combined Net Promoter Score for Auto and Property claims is 70.2, which stands out above competitors in our industry, a reflection of the high quality of care and attention given to our clients in times of need.

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Innovating our claims response

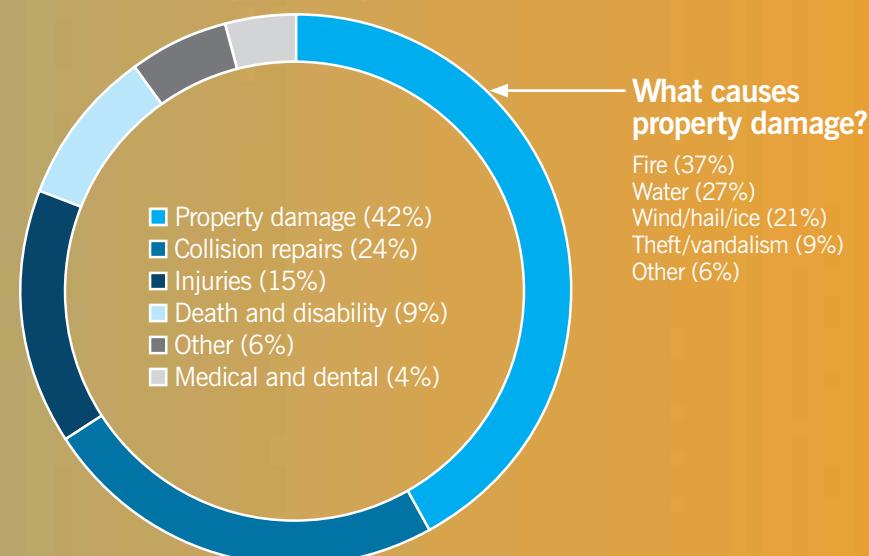
The changing nature of risk requires a transformation in how we respond to events when they occur. We are employing several technological and process-driven advancements, in order to effectively and efficiently respond to clients in times of need. In 2018, we:

- > Continued to build flexibility and adaptability in our workforce, and we are in the process of training claims staff to handle claims in both Auto and Property insurance. This will help us more effectively respond to major events as well as other changes in claims volumes.
- > Employed technological innovations to claims responses, including the use of drones and satellite imagery following a major event to assess impact, estimate damage and even provide advance payment to clients to drastically improve claims response times.
- > Expanded our online claims capability, and we are piloting the use of video in claims services. In 2018, 1,666 clients submitted a claim using our online process. Using this digital channel is particularly helpful when phone lines experience high claims volume following a major event.
- > Introduced an e-transfer payment option for clients and claimants, where we will transfer up to \$10,000 to clients electronically. This streamlined process enables most payments to be issued within two hours, while reducing costs and paper consumption due to printing and delivering cheques. Over 19,700 payments were issued electronically in 2018.

\$2.12b

Total amount paid in claims and benefits to clients in 2018

Claims/benefits paid by type



Our co-operative claims difference

Our claims guarantee

Clients can contact us, discuss their loss, assess their damages and discuss premium impacts before deciding if they want to pursue a claim. If they decide not to, it is not recorded against their policy.*

Our sustainable claims solutions

Following a claim, we supply a list of "green" vendors, contractors and repair shops committed to energy conservation, emissions reduction and more.

53%

Auto repairs completed at "green" shops
2017: 52% 2016: 50%

97%

Property claims dollars paid to "green" contractors
2017: 98% 2016: 97%

Our Service Review Panel

The Co-operators Service Review Panel gives a group of client volunteers the final say in dispute resolution cases. The panel works collaboratively to determine the fairest outcome. After 28 years in operation, the panel is still the only one of its kind in Canada.

49

Total number of appeals in 2018

6

Agreed with client

42

Agreed with us

1

Reached a compromise

*Some exclusions may apply. For example, if there are injuries as a result of the loss.

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Making good on claims in times of need

When Bill and Gisele Hunt of Windsor, Ontario, experienced their first flood in their home's history since 1964, they described it as life-changing. The devastation to their property was extensive, as their basement took on five to six inches of water when street water levels rose to their porch.

With half of the city under water, Bill worried about finding a contractor who would be able to conduct their work. Upon calling The Co-operators, his claims representative, Tracey Stein — based in Calgary and specializing in major events — assured him she would send an approved, out-of-town contractor to their home within the day who would complete the work to their standards. For Bill, who recently switched from another provider, The Co-operators difference was clear. Not long after, Tracey flew in from Calgary to document and assess the damage, and issue a cheque so Bill and Gisele could carry on with what matters most.



Insider insight

"What matters most to me is that our clients' immediate needs are met and that they fully understand what to expect during the claims process. We strive to always be as empathetic and helpful as possible. I treat them as I would want to be treated — quickly, fairly and with as seamless a process as possible."

— Tracey Stein, Major Event Claims Representative

I've dealt with my share of insurance companies, but I have never been treated better, or with more empathy and respect than I was by Tracey. Once we decided to have a contractor replace the basement, Tracey issued us a cheque in their name for the prescribed amount with instructions to only pay when I was satisfied. Today, my basement is the jewel of the house!"

Bill Hunt
Retired Police Officer and client
Windsor, ON

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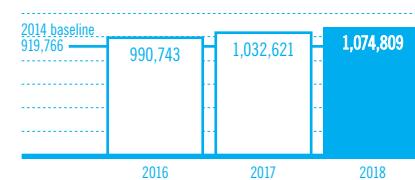
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Client growth

Client growth is a strong indicator of our market competitiveness and demonstrates the satisfaction of clients and the long-term profitability of our company.

Performance snapshot

Total client households – Co-operators General, Co-operators Life and COSECO



Target: Add more than 100,000 clients by the end of 2018 from the start of 2015.

Percentage of new clients that are multi-line



2017: 51%
2016: 67%

Target: Maintain 60% or higher each year

Percentage of new clients that are Gen X/Y



2017: 63%
2016: 60%

Target: Maintain 50% or higher each year

We have consistently grown at a rate that outpaces the industry, through new clients and strong client retention

- > We have strong client and premium growth, driven by new client and policy acquisitions, as well as targeted rate adjustments.
- > Client retention continues to be high at 94 per cent overall and 97 per cent among Gold Clients, who have the most products, longest tenure and lowest claims. Retention at this level is an indication of strong client communication, trusted client-advisor relationships and client loyalty.
- > We continue to appeal to younger generations of Canadians, with 66 per cent of new clients being from Generation X/Y.

Challenges

Ensuring we are balancing strong client growth with underwriting risk
If we are not receiving adequate premium for the risks we take on, our business model will not be sustainable. It is crucial that we accurately price risk to ensure that the ratio between claims paid and premiums collected is strong. We are confident that our growth is healthy growth. Client analytics and products rate risk down to the individual geocode, to ensure our rates are commensurate with the risk. We will continue to monitor this closely as innovations roll out amidst claims volume and volatility.

Our ability to set adequate Auto insurance rate levels has been impacted by rate regulations

Government restrictions on the ability to charge an adequate price for the Auto risks we underwrite are putting further pressure on the profitability and long-term viability of our Auto product in select provinces in Canada. Throughout 2018, we continued our efforts in advocacy and government relations to address this risk.

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VALUE FOR COMMUNITIES

Building safer, more sustainable and resilient communities resonates with our core purpose as a co-operative. Working towards long-term environmental, social and financial sustainability isn't only the right thing to do — it's also good business. Through our investments, partnerships, advocacy work and carbon reduction efforts, we are seeking solutions for the challenges impacting Canadians now and into the future.



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Section highlights

The following is an overview of key performance indicators that demonstrate how we are living our co-operative identity and creating benefits and value for communities and society. Read on for additional metrics and further discussion of our 2018 performance.

Percentage of pre-tax profit contributed

What it is and why it matters

The amount of pre-tax profit contributed to Canadian charities, non-profits and co-operatives demonstrates our commitment to our co-operative principles and indicates how we contribute to the social and environmental well-being of Canadian communities.

4.3%*

2017: 4.8% 2016: 4.1%

Target: Exceed Imagine Canada's benchmark of 1% each year

Status: Target achieved

For more, [see page 40](#).

**Decreased from previous year due to change in Imagine calculation process.*

Total impact investments**

What it is and why it matters

The percentage of our invested assets in securities that have both compelling investment returns and a measurable, positive environmental and/or social impact. This demonstrates our commitment to embedding co-operative and sustainability principles into our investment decisions, and helps build resilient, sustainable communities for future generations.

13.1%

2017: 7.7% 2016: 6.5%

Target: 6–10% by the end of 2018

Status: Above target

***Includes impact investments made with intent since the launch of our strategy and those that pre-date the strategy.*

For more, [see pages 50–55](#).

Total amount distributed to support co-operatives

What it is and why it matters

By supporting co-operatives and providing solutions to challenges facing the sector, we contribute to the well-being of our communities through the services these co-ops offer.

\$1.6m

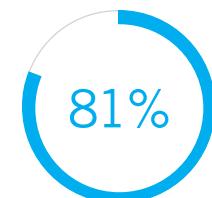
2017: \$1.4m 2016: \$1.6m

For more, [see page 48](#).

Carbon emission reductions

What it is and why it matters

The amount of net carbon emissions we have reduced since 2010. Reducing our carbon footprint affirms our commitment to the low-carbon economy and demonstrates that environmental impact can be reduced without compromising profitability.



2017: 81%
2016: 72%

Target: 75% by the end of 2018, and 100% by the end of 2020

Status: Above 2018 target; in progress towards 2020 target

For more, [see pages 44–45](#).

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Our vision for community investment

Through contributions, investments, volunteering and partnerships, we invest in the environmental, social and financial well-being of organizations working for the benefit of Canadian communities.

Our community investment strategy is viewed through a lens of three foundational themes



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Investing in social wellness

We contribute to the social well-being of our communities. Investing in mental health, supporting the inclusion and advancement of young Canadians and marginalized populations, and enriching the social fabric of communities through employee volunteering are important aspects of our contribution.

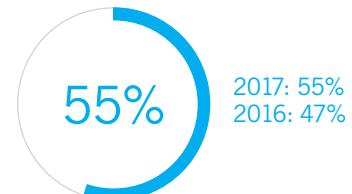
Performance snapshot

Total distributed through Community Economic Development (CED) Funds

\$549,000
2017: \$521,000 2016: \$760,000*

*This amount includes an additional \$260,000 contributed in 2016 to support Syrian refugees.

Percentage of corporate employees who used a portion of their paid volunteer days



Target: 50% by the end of 2018

Equivalent salary to support employee volunteering

\$1.2m
2017: \$1.1m 2016: \$909,265

Our Community Economic Development (CED) Funds support organizations that increase employability and job creation for marginalized youth and people with mental health issues
Drawn from our \$12.5-million charitable foundation, we contributed \$549,000 to support 23 community organizations through these funds. Fund recipients from 2018 include:

- > The Kettle, a Vancouver-based organization supporting people with mental illness to live independently and effectively manage their illness and daily living tasks, was awarded a three-year grant of \$30,000 per year. The contribution will support their Fresh Start project, which enables clients to build job skills and transition away from unemployment.
- > Jessie's – the June Callwood Centre for Young Women, a Toronto-based comprehensive, multi-resource centre focused on nurturing the healthy development of expectant mothers, parents and their children, was awarded a \$20,000 grant. The contribution supports the All About Kindness program, a social enterprise for youth facing barriers to employment.

We support employees who want to make a difference in their community

- > 55 per cent of employees used a portion of their two paid volunteer days to get involved in community programs and initiatives and tracked over 27,000 volunteer hours.
- > Our Volunteers in Action (VIA) program continued to encourage staff to engage in volunteering. We launched a new VIA group in Vancouver this year, bringing us to 10 operating groups across the country. VIA groups take part in local volunteer activities throughout the year.
- > In partnership with Uniterra, the Leave for Change program offered three-week volunteer opportunities to four employees to lend their support and expertise to developing co-operative organizations in Nepal, Tanzania, Peru and Sénégal.
- > Employees continued a long-standing partnership with Habitat for Humanity in a three-day playhouse build-a-thon and other home builds, donating over 1,300 hours to support Habitat in Ontario.
- > Employees raised \$399,000 for United Way, an increase of more than \$20,000 from 2017. Corporate contributions amounted to over \$296,000, for a combined total of more than \$695,000.

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Investing in youth mental health

We are engaged in partnerships, research and organizations to support the resilience and mental health of young Canadians

- > We partnered with Kids Help Phone to launch Canada's first Crisis Text Line, which offers free, 24/7 texting support, providing young Canadians greater access to counselling the way they most commonly prefer to connect. We also supported the launch of this pilot initiative at the University of Guelph.
- > We continued to build resources and promote teachresiliency.ca, in partnership with Physical and Health Education Canada (PHE), to ensure teachers of young Canadians are supported and well-equipped to care for the mental health of their students. We also launched a Share 2 Care campaign across social media.
- > We partnered with the Canadian Junior Hockey League (CJHL) to launch a new national concussion program, offering a mental health safety net for over 3,000 players across all 133 CJHL teams. The program includes clear guidelines for recognition, assessment and management of concussions, transparent data analysis and monitoring, and digital tracking of concussion history.
- > We continued our 11-year partnership with Juno award-winner and Grammy nominee Mitch Dorge. His "In Your Face and Interactive" presentation focuses on youth emotional well-being, and encourages students to set goals for themselves and make choices that will help them get there. In 2018, this program reached 7,760 students.

Kids Help Phone research has identified that



of youth prefer to write than speak about their problems

of youth welcome a texting option when discussing their problems



World around us: Demographic shifts; social inequality
Youth mental health

Ensuring youth have the social resilience to rise to new challenges presented by our rapidly changing world will determine society's long-term sustainability. According to The Mental Health Commission of Canada, an estimated 1.2 million children and youth in Canada are affected by mental illness; yet, less than 20 per cent will receive appropriate treatment. Through our partnerships, investments and advocacy for youth mental health, we are helping to better understand and provide solutions for this issue.



We're grateful for the focus on mental health that The Co-operators has brought to our program. These student-led projects demonstrate a multi-faceted approach and will leverage the expertise of local organizations."

Nicole Almond
President, Enactus Canada

Improving the mental health of young Canadian leaders

According to the National College Health Assessment (NCHA), mental health is a significant issue on Canadian post-secondary campuses, with an estimated 65 per cent of students indicating they have experienced overwhelming anxiety.

To support the mental health resiliency of youth aged 18 to 25 at Canadian universities and colleges, we partnered with Enactus Canada, an organization dedicated to supporting a generation of young leaders in unleashing their entrepreneurial spirit to advance economic, social and environmental health. The goal of this two-year pilot partnership is to focus on creating resilient Canadian young people who are supported in mental health and can contribute to the psychological well-being of others.

The Co-operators Youth Mental Health Project Accelerator is designed to empower Enactus participants with the resources needed to identify, create and deliver projects that bring mental health solutions to their communities, reduce the number of young people with mental health concerns and improve their resiliency.

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Building environmental prosperity by reducing our carbon emissions

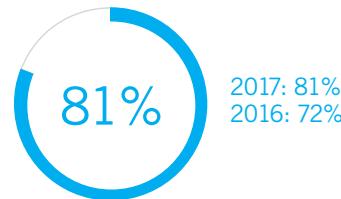
Climate-related risk and the complex environmental, social and economic challenges that come with it are impacting our company, clients and communities. To demonstrate our commitment to climate change mitigation and environmental stewardship, we are working to become carbon neutral equivalent by 2020.

Performance snapshot

Carbon intensity (tonnes of CO₂ equivalent per employee)

2.7 t CO₂e per employee
2017: 2.8 t CO₂e 2016: 3.3 t CO₂e

Net carbon emissions reduced since 2010 (tonnes of CO₂ equivalent)



Target: 75% by the end of 2018, and 100% by the end of 2020

Owned carbon emissions of The Co-operators equity, preferred share and corporate bond portfolios (tonnes of CO₂ equivalent)

145,282 t CO₂e
2017: 173,283 t CO₂e
2016: 188,814 t CO₂e

We are working across departments to innovate work processes and operations to lower our environmental footprint

In collaboration with our Sustainability & Citizenship department, our Information Technology (IT) department identified an opportunity for the company to participate in Compugen's CarbonBank™ program, where IT equipment (such as laptops, desktops and printers) slated for upgrade is refurbished to be repurposed. Carbon credits are then generated through avoidance of emissions associated with both the traditional e-waste recycling process and the manufacturing of new IT equipment. This program contributed 282 tonnes in offsets.

We track, monitor and report on the carbon footprints of our investments to better understand investment implications of climate change

Our \$9.44 billion in invested assets impact and influence global carbon emissions and climate-related risk. In 2014, we were the first Canadian insurance company to sign on to The Montreal Carbon Pledge, and Addenda Capital (our investment management company and subsidiary company) became the first Canadian asset manager to sign the pledge and disclose the carbon impact of all its equity pooled funds in 2015. In 2018, the total owned carbon emissions of The Co-operators equity, REIT, preferred-share and corporate bond portfolios was equivalent to 145,282 tonnes of CO₂. A breakdown of the carbon intensity of these portfolios can be found in our [supplementary disclosures online](#).



World around us: Climate change

Building the necessary momentum to tackle climate change

In 2018, the Intergovernmental Panel on Climate Change released Global Warming of 1.5°C, a special report that firmly outlined the urgent need for rapid international action to reduce greenhouse gas (GHG) emissions. The report finds that human-caused emissions of carbon dioxide need to fall by about 45 per cent from 2010 levels by 2030, and "net zero" by 2050, to avoid catastrophic impacts to communities around the world. This report underscores the importance of accelerated, co-ordinated action that goes beyond the efforts of one individual, corporation or government.

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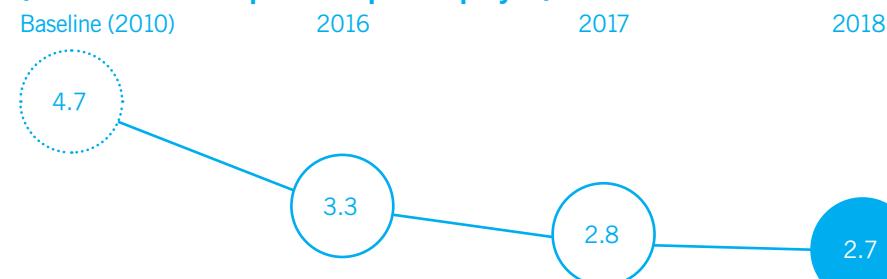
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We have reduced our carbon emissions by 81 per cent through energy retrofits, space consolidation, vehicle fleet size, and impact reductions and renewable energy credits and offsets.

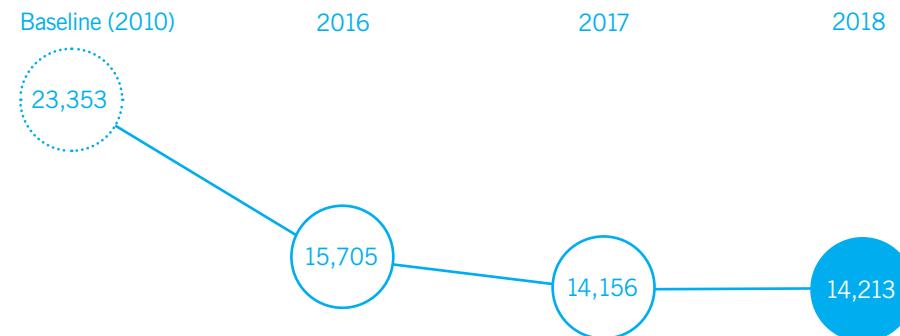
In 2018, there were 2.7 tonnes of carbon emitted for every employee (tonnes of CO₂ equivalent per employee)



With Bullfrog Power® renewable energy certificates, the Financial Advisor Carbon Neutrality Program and Compugen's CarbonBank™ program included, emissions per employee dropped to 0.8 tonnes of CO₂ equivalent in 2018.

In 2018, our total carbon emissions before offsets were 14,213 (tonnes of CO₂ equivalent)

Variations in historical emissions data result primarily from updates to emission factors. For more on how we calculate our carbon footprint, see our [Supplementary Disclosures online](#).



How we achieved the 81% net reduction in 2018



Internal reductions: 5,935 (26%)
 Reductions due to electrical grid emission factors: 3,205 (14%)
 Corporate Bullfrog Power®: 4,524 (19%)
 Financial Advisor Carbon Neutrality Program: 4,929 (21%)
 Compugen's CarbonBank™ program: 282 (1%)
 Remaining emissions: 4,478 (19%)



Did you know?

We support Financial Advisors in becoming carbon neutral

Ninety-seven per cent of our 560 Financial Advisor offices are bullfrogpowered® and carbon neutral.

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Helping communities adapt to a changing climate

We contribute to the well-being of our environment and the resilience of our communities to adapt to a changing climate through our collaborative advocacy work, financial support, public awareness campaigns and strategic partnerships.

Performance snapshot

Number of people reached by The World is Changing resiliency campaign (social media impressions)

1.94 million

We expanded efforts to inform and equip Canadians with the tools they need to adapt and build community resilience to climate risk

- > We launched [The World is Changing](#) media campaign to inform and prepare Canadians for the changing nature of climate-related risks such as flooding, wildfires and extreme weather.
- > In partnership with FireSmart™ Canada, the Institute for Catastrophic Loss Reduction and the National Fire Protection Association, we contributed funding and resources to promote and support the participation of 94 communities across Canada as part of Wildfire Community Preparedness Day. These events raise awareness and encourage wildfire resiliency at home.
- > As founding partners of Home Fire Sprinkler Coalition (HFSC) Canada, we helped launch the first ever Home Fire Sprinkler Day in 2018, supporting 19 fire departments across the country in hosting events that promote home fire sprinklers.

Number of communities that received stipends and participated in the 2018 FireSmart™ Wildfire Community Preparedness Day

94

2017: 34 2016: N/A

We are convening and collaborating across sectors to help advance policies, regulatory changes and public perception of flood risk

- > We renewed our partnership with the Partners for Action Network at the University of Waterloo, providing \$600,000 over three years to support research and advocacy to improve the flood resiliency of Canadians and their communities.
- > We played an instrumental role in convening industry peers and advocating for the improvement of flood resiliency, adaptation and mitigation as part of Public Safety Canada's Advisory Council on Flood. In this role, we advocated for: better consistency and accuracy in Canadian flood mapping; better, more transparent and more effective communication of flood risks to Canadian communities. We also explored funding models to ensure risk is adequately priced and that funding shifts from 'post-disaster' bail-outs to proactive loss-prevention efforts.
- > Our president and CEO, Rob Wesseling, sent a letter to Canada's Minister of Public Safety, calling industry and government to action following a 2017 Flood Risk Roundtable that has evolved into the Advisory Council on Flood. Nine senior leaders across the insurance and financial services industry signed this letter, an example of our role as a convener and catalyst for change.

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“

Together, we are collaborating across sectors to raise awareness and protect people and property by decreasing local wildfire risk in communities across the country.”

Laura Stewart
President, FireSmart Canada

Partnering to build wildfire-resilient communities across Canada

In Canada, over six million people live in the wildland-urban interface where wildfires can impact our communities. Through continued partnerships with Partners in Protection, FireSmart Canada, the National Fire Prevention Association and the Institute for Catastrophic Loss Reduction, we are helping to inform and equip Canadians with the knowledge, tools and solutions they need to become more wildfire resilient.

Building resilient Canadian communities requires collaboration between homeowners, developers, all levels of government and the insurance industry. As wildfire seasons become longer and more severe, there is encouraging and important work underway that we are actively supporting and participating in.

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A long-term view of financial security

We understand the link between financial, environmental and social issues, and invest in co-operatives and a co-operative model that promotes the well-being and financial security of communities. In addition, we advocate, convene and participate in dialogues and initiatives for sustainability.

Performance snapshot

Total amount distributed to support co-operatives

\$1.6m

2017: \$1.4m 2016: \$1.6m

Total amount distributed to Canadian university programs that advance the co-operative sector

\$145,000

2017: \$90,000 2016: \$115,000

We strongly support efforts of Canadian co-operatives working to improve prosperity and peace of mind for people in need

- > We contributed \$1.6 million to ongoing development and advancement of the Canadian co-operative sector, through the Co-operative Development Program, annual association dues, and support for struggling, expanding and/or emerging co-operatives.
- > We provided \$145,000 in funding to support Canadian university programs that integrate and/or highlight co-operative business models and values in their subject matter.
- > Through our role as a lead investor and convener of the Canadian Co-operative Investment Fund (CCIF), we have committed to investing \$10 million. The CCIF is a response to a critical challenge co-operatives and mutuals face: the need for capital without compromising their autonomy or their “one member, one vote” structure.

We are helping to catalyze the environmental, social and economic sustainability of the insurance and financial services industry around the world

- > We participated in a roundtable discussion on sustainable finance hosted by the Federal Ministers of Environment and Climate Change, and Finance. At this meeting, the creation of an Expert Panel on Sustainable Finance was announced to help transition to the low-carbon economy and foster a better understanding of climate-related financial disclosures.
- > We contributed to the Carbon Pricing Leadership Coalition’s 2018 report, “The Role of Carbon Pricing in a Low-Carbon Transition,” presented to Canada’s Minister of Environment and Climate Change at GLOBE 2018.
- > We continued to advocate alongside national business and non-profit leaders to help shift the economy towards sustainable Canadian markets through:
 - The Corporate Knights Council for Clean Capitalism, a group of Canadian business leaders dedicated to promoting sustainable markets.
 - Smart Prosperity, a national coalition of leaders from multiple sectors and perspectives working to define a vision for Canada’s transition to a high-efficiency, low-carbon economy.
- > We continued in our leadership role in the United Nations Environment Programme – Finance Initiative (UNEP-FI) through the [Principles for Sustainable Insurance](#) (PSI) and the Investment streams, in addition to our seat on the Global Steering Committee.
 - In 2018, The Co-operators and Addenda Capital joined two distinct UNEP-FI pilot groups, one with global insurers and another with asset management companies, to develop tools that will inform insurers’ and asset managers’ climate strategies and financial disclosures, aligning with recommendations of the Task Force on Climate-related Financial Disclosures.



Did you know?

We are a lead investor in Canadian co-operatives

At the end of 2018, The Canadian Co-operative Investment Fund had approved investments in eight co-operatives, totalling \$2.05 million. These included housing co-operatives and worker co-operatives benefiting communities across the country.

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We are looking at creating value for communities by creating accessible health services. Through The Co-operators ICMIF 5-5-5 support, we can deliver these services at a low cost. Communities, families, and women without access to any kind of health protection now have it, and have a voice in it.”

Kumar Shailabh
Co-founder & Executive Director
Uplift Mutuals

Bringing affordable health insurance to low-income communities in India

The International Cooperative and Mutual Insurance Federation (ICMIF) 5-5-5 mutual microinsurance strategy uses the power of co-operation among co-operatives to address the lack of affordable insurance in parts of the developing world. The initiative seeks to reach five million new households in five emerging markets over a five-year period.

As the only Canadian organization involved, we are contributing \$500,000 USD over five years in addition to significant staff resources and technical expertise in support of Uplift Mutuals, to bring affordable health insurance to large low-income populations in the cities of Mumbai and Pune, where access to quality healthcare is a major concern.

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Investing for positive impact

Through our Sustainable Investment Policy, impact investing strategy and advocacy work, we are leading the way to support an economy that not only considers but inspires the future. Our goal is to equip communities and sustainable projects with the capital needed to build the long-term resilience of communities and the environment.

Performance snapshot

Total impact investments*
(percentage of invested assets)

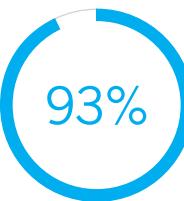
13.1%

2017: 7.7% 2016: 6.5%

Target: 6–10% by the end of 2018

*Includes impact investments made with intent since the launch of our strategy and those that pre-date the strategy.

Percentage of The Co-operators invested assets guided by our Sustainable Investment Policy†



2017: 93%
2016: 97%

Target: 100%

†The policy does not apply to certain assets such as short-term investments, policy loans or derivatives. 100 per cent of all other invested assets are guided through this policy.

Assets under management in the Addenda Capital Impact Fixed Income Pooled Fund‡

\$45.6m

This fund was launched in 2017.

We advocate for sustainability and work to advance available green capital in Canada

We take a four-pronged sustainable investing approach that includes: promoting sustainable financial markets; environmental, social and governance (ESG) integration; stewardship; and impact investing. Our approach is consistent with the framework provided by the United Nations-supported Principles for Responsible Investment (PRI).

- > In our capacity as an asset manager through Addenda Capital, we regularly advocate at public events and promote sustainable investing practices. We have enhanced our public advocacy, promote sustainable decision-making in the companies in which we invest, monitor companies' ESG practices, exercise proxy voting rights and engage in dialogues with issuers.
- > We co-signed a letter to the International Organization of Securities Commissions to highlight the growing need for consistent and comparable disclosure of corporate ESG information. This data would allow investors to make well-informed investment decisions and markets to function efficiently.
- > We provide input and insights to stakeholders interested in the structuring of green bonds, the development of government-sponsored social finance investment vehicles, and ways to promote sustainable investing by private sector investors.

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“

Addenda's Impact Fixed Income Fund allows us to align a significant portion of our portfolio with our organizational values and beliefs. We're pleased to partner with Addenda and invest in a fund that intentionally generates positive impact while simultaneously performing well financially.”

Jory Cohen
Director, Social Finance and Investment
Inspirit Foundation

Helping Inspirit Foundation reach a 100% impact portfolio

The Inspirit Foundation envisions a more inclusive and pluralist Canada where differences are valued and engaged, and everyone has an equal opportunity to thrive both socially and economically. They specifically focus on addressing discrimination based on ethnicity, race and religion, and seek to achieve their vision through the media and the arts, support for change leaders and impact investing.

The Inspirit Foundation has selected Addenda Capital as their asset manager, allocating the entire public fixed income portion of their portfolio to Addenda Capital's new Impact Fixed Income Fund. Through this fund, Inspirit now has over 85 per cent of its portfolio invested in impact investments, and is working towards its target of 100 per cent by 2020.

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How we invest for impact

Impact investing supports our vision of being a catalyst for a sustainable society. It also broadens the returns of our investments beyond purely financial gains, into social and environmental benefits.

We surpassed our target to invest six to 10 per cent of our invested asset portfolio into impact investments

> We invested a total of 13.1 per cent of our \$9.44 billion in invested assets into impact investments, setting an aspirational example for other Canadian investors to follow.

We are a leader in growing impact investment markets in Canada

> Addenda Capital launched the Addenda Impact Fixed Income Pooled Fund, Canada's first such fund, which now manages impact investments totalling \$45.6 million in assets.
> The Co-operators Pension Plan Committee allocated five per cent of our fixed income portfolio to Addenda's Impact Fixed Income Pooled Fund and has committed to increase this to 10 per cent in 2019.
> Addenda Capital currently manages \$2.5 billion in investments with positive impacts, of which The Co-operators investments comprise over 48 per cent.

Challenge

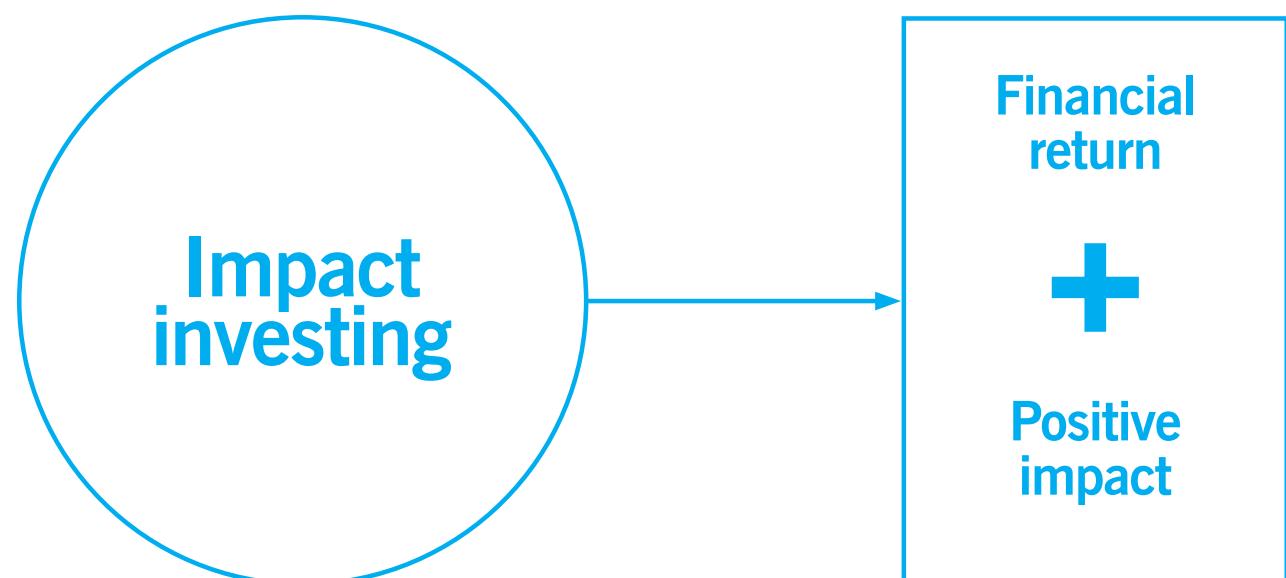
Overcoming constraints that could inhibit our ability to maintain our impact investing goals through to 2030

We are monitoring limitations, including a potential shortage in the size and availability of investment opportunities with adequate risk and return characteristics; a limited number of investment opportunities in our selected themes; additional resources required to support investing, measuring impact and stewardship; and regulations that limit our ability to make significant impact investments in private debt.

What is impact investing?

An investment approach that intentionally seeks to create compelling financial returns and measurably address environmental and/or social challenges.

In short, it is an investment that has a positive impact.



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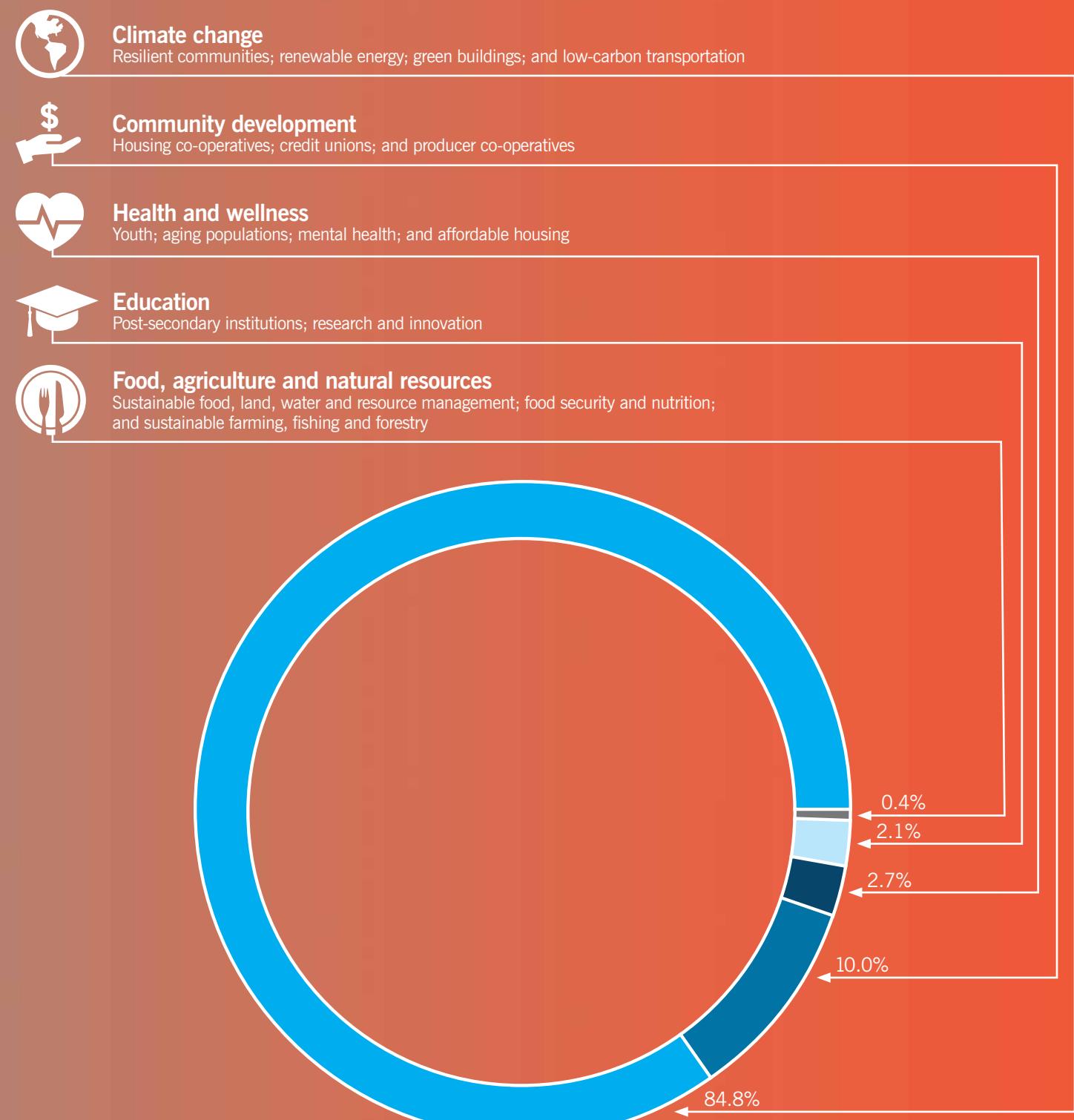
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Impact investments by theme

In 2018, The Co-operators areas of focus for impact investments were reclassified into the following five broad themes:



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Impact investing by the numbers

The projects, initiatives and funds in which we invest for impact have contributed significantly to the environmental, social and financial well-being of communities across Canada. For these initiatives to thrive, the available capital for sustainable projects must increase, and we are driving this momentum through our investment approach and advocacy.

Our impact investments are part of a collective effort of like-minded investors building the sustainable, low-carbon economy, and funding solutions to the world's most pressing environmental and social challenges.

By 2018, we had invested
\$1.2b
in impact investments



Did you know?

We are leveraging our charitable foundation for impact investing

Seventy-one per cent of the portfolio of Co-operators Fiftieth Anniversary Community Fund, currently valued at \$12.5 million, is invested in impact investments. This follows a 2018 amendment to our Investment Policy to transition the entire fixed income portion of the portfolio into Addenda Capital's Impact Fixed Income Fund.

Separate from impact investments managed by Addenda Capital, community impact investments focus on smaller-scale investment opportunities. In 2018, we completed our first community impact investment with a non-profit co-operative called SolarShare. Once fully deployed, community impact investing will represent 10 per cent of the fund's portfolio.

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The impacts below do not result solely from our investments, but depict the total impact achieved by the projects and initiatives in which we invest. Because of reporting periods, all values are for fiscal 2017, except where otherwise noted. All impact investments are in alignment with our [Sustainability Investing and Impact Investing Policy](#).

Climate change mitigation and adaptation

229 million_{MWh} =  **8 million**_{homes} powered for one year.

Community development

 Invested in credit unions that paid **\$253.3 million** in patronage and dividends to members.

Health and wellness

 Invested in housing projects that provided **564 units** to seniors with various levels of care needs.

Education

 Invested in post-secondary institutions that granted **8,363** research awards (2016).

Food, agriculture, and natural resources

680,000 lbs of food waste avoided. =  Over **550,000 meals**.

Here are two examples of our impact investments from 2018.



Toronto Green Bond

Theme: Climate Change

Focus area: Clean Transportation

Investment: Toronto Green Bond

Amount invested: \$10.5 million

Description

City of Toronto green debentures are used to finance capital investments in sustainable development across the city in order to mitigate and adapt to the effects of climate change and reduce greenhouse gas emissions. The proceeds from Toronto's inaugural green bond will be used exclusively to finance capital projects for sustainable clean public transit infrastructure.



Coast Capital Savings

Theme: Community Development

Focus area: Credit Unions

Investment: Coast Capital Savings Credit Union

Amount invested: \$15.0 million

Description

Bond investments help to finance Coast Capital Savings Credit Union, a member-owned financial co-operative in British Columbia. Coast Capital Savings community work focuses on youth, promoting the development of financial literacy, academic success, sound social belonging and stable mental health.

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A COMPETITIVE, CO-OPERATIVE FINANCIAL SERVICES ORGANIZATION

Significant challenges in our external operating environment coalesced in 2018 to impact the financial performance across the group of companies. At the same time, increased pressure from the rapid pace of change was felt in terms of our capacity and reflected in employee engagement scores. These pain points pervade the industry, but we are confident in our capital position and in our co-operative, collaborative and innovative mindset.



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Section highlights

The following is an overview of key performance indicators that reflect our competitiveness as an organization. Read on for additional metrics and further discussion of our 2018 performance.

Financial strength

Total operating revenue

\$3.89b

2017: \$3.60b 2016: \$3.41b

Target: \$4.0 billion by the end of 2018

Status: Below target

What it is and why it matters

The total revenue generated from our day-to-day business activities, arising from premiums and fees paid by our clients. This is a critical reflection of our stability as an organization, as growth of our operating revenue over time indicates a steady and recurring cashflow into the organization.

For more, [see page 66–71](#).

Net income (loss) after tax attributable to members

(\$11.5m)

2017: \$162.8m 2016: \$162.5m

What it is and why it matters

Our members' share of the amount that remains once all claims, taxes and other expenses are subtracted from revenues. This is a key indicator of our financial strength and competitiveness. A net income or loss after tax attributable to members is what drives most of the increase or decrease, respectively, in The Co-operators total equity.

For more, [see pages 66–71](#).

Total equity of participating policyholders and members

\$3.13b

2017: \$3.25b 2016: \$3.05b

Target: \$3.2 billion by the end of 2018

Status: Below target

What it is and why it matters

Equity is the extent to which our assets are greater than our liabilities. Essentially, this is the amount of capital we hold. Total equity is an indication of our financial strength and ability to support and grow our business. Ultimately, capital ensures we can meet our commitments to clients and members, and makes us resilient in the face of financial challenges that may arise.

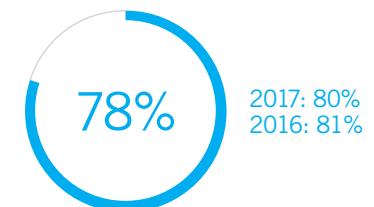
For more, [see pages 66–71](#).

Our people

Aggregated employee engagement score

What it is and why it matters

Our overall employee engagement score across the group of companies, as conducted by Aon. An engaged workforce reinforces our organizational strength and stability, fosters innovation, and reflects that our work culture is meeting employee needs and providing a productive, healthy and stimulating work environment.



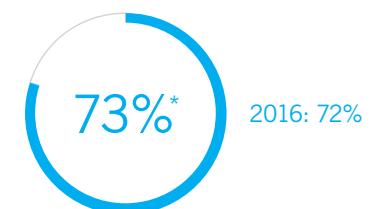
Target: Maintain 80% or better each year
Status: Below target

For more, [see pages 60–65](#).

Financial Advisor Satisfaction Index

What it is and why it matters

An internal assessment compiled from several key questions that indicate the overall work satisfaction of our Financial Advisors. The satisfaction of our Financial Advisors is an important measurement of our ability to respond to challenges and provide support and solutions to help them meet the needs of their clients.



For more, [see page 63](#).

*2017 result.

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Imagining the possible

Client needs and preferences have never been static. Amidst accelerating environmental and technological change, market disruption and increased volatility, our long-term view compels us to anticipate and imagine what it will take for our business, clients and communities to thrive in the future. Our innovation strategy and work streams have taken us to exciting new places to imagine what might be possible.

Performance snapshot

Participants involved in innovation workshops

164 total	98 employees	50 external experts	16 innovation facilitators
---------------------	------------------------	-------------------------------	--------------------------------------

We focused innovation on areas where we see significant change on the horizon for clients, communities and the industry

We conducted workshops, dialogues, collaborations and extensive research with internal and external stakeholders to imagine what the future might bring and develop plans of action.

Low-carbon economy

Climate change and its impacts will create opportunities and risks for our organization. We are building on numerous existing initiatives related to climate change to ensure we are positioned to manage the growing impacts of climate change on clients, communities and our organization, as we support the transition to a low-carbon economy and society.

Internet of Things (IoT)

Physical devices/sensors connected to the Internet, such as smart homes, voice-enabled assistants, autonomous vehicles and more, are increasing exponentially. Combining insurance and the IoT is about connecting clients to their risks and their evolutions: enabling new products, services and channels. Through real-time monitoring we can better predict and understand risk, and even prevent disaster from occurring.

Behavioural economics

Behavioural economics blends the insights of psychology and economics, helping to understand when and how people make predictable, but often erroneous and irrational, decisions. These predictable behaviours can be examined and used to create environments that nudge people towards wiser decisions and healthier lives. We are exploring the thinking behind decision-making to better enable us to help Canadians make smart financial choices.

Changing nature of transportation

It's no longer a question of if, but when, transportation will become autonomous. As a co-operative insurer, we have asked ourselves two important questions: 1) How do we ensure that safety, risk reduction and loss prevention improve through this transition into a world of autonomous vehicles? and 2) What should we do to remain relevant and competitive as this change occurs? We are committed to supporting clients as they (or their vehicles) navigate the road ahead.



Did you know?

We continue to innovate, adapt and evolve our products, services and solutions in times of rapid change

> We implemented Advisor Assist, our first "ChatBot". This represents our first application of Artificial Intelligence to answer clients' most common life insurance questions, significantly reducing support call centre calls.

> We partnered with the Autonomous Vehicle Innovation Network (AVIN), an Ontario government-funded initiative to drive local development of talent and product for emerging driverless technology. We are collaborating with AVIN to ensure strong safety guidelines and standards.

> We conducted our very first Canadian Collision Event, inviting Canadian start-ups to partner with us to explore solutions for cyber risk and IoT.

We launched a new brand in 2018 as a result of our innovation streams

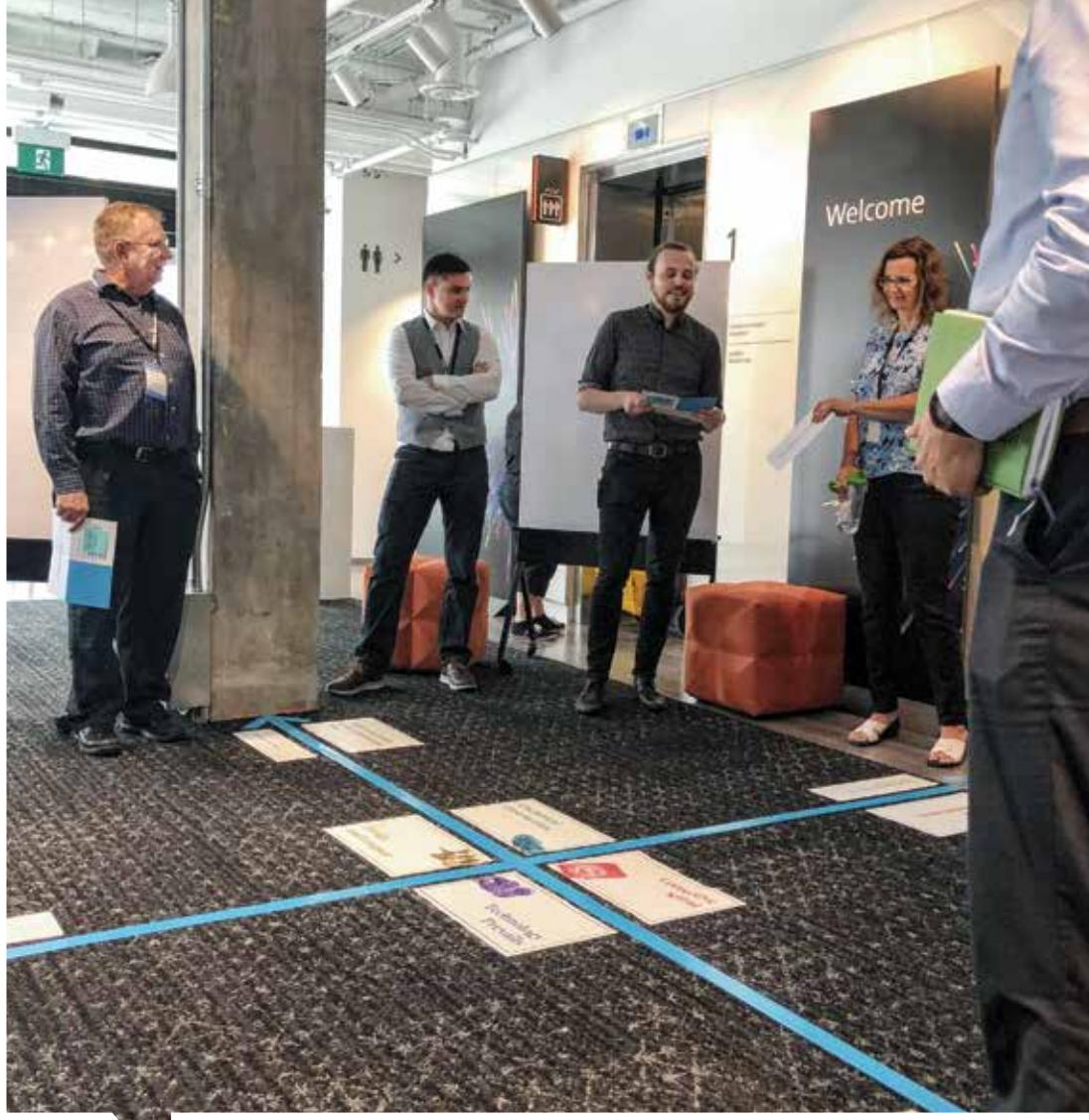
Following 2017 innovation work, we launched duuo by Co-operators™, an on-demand homesharing insurance product. For more on duuo, [see page 28](#).

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“

The IoT workshop helped me better appreciate the value our leaders put in forecasting and preparing for the future of our industry. I left the workshop with the distinct impression that I was part of a company that wanted not only to survive but excel in our industry.”

Andre Hetu
Workshop Participant,
the Internet of Things
Digital Client Service Representative
Moncton, NB

Innovations to inspire the future of our business

Employees and Financial Advisors across Canada were brought together to research, conceptualize, and problem solve for future scenarios where significant transformation, disruption and change will be experienced by clients, communities and our industry.

Focused on the four innovation areas identified, they worked alongside external experts and facilitators to imagine what the future might bring and propose plans of action that can ensure we anticipate and meet the changing needs of our stakeholders.

Employee insight

“Working in property claims, I see the results of climate change on our clients, families and communities with devastating and tragic losses from extreme weather events. It is inspiring to see our organization bringing thought leaders from across the business, environmental, and academic worlds together to lead the charge in finding financial and insurance solutions to address climate change.”

— Karen Flamand, Workshop Participant, Low Carbon Economy and Director, National Property Claims

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People-powered and purpose-driven

Our employees across the group of companies distinguish us from our competitors. Their strength, well-being and dedication enables us to meet the needs of clients and communities, while supporting the long-term resilience of our organization.

Performance snapshot

Aggregated employee engagement score



2017: 80%
2016: 81%

Target: Maintain 80% or better each year

Employee voluntary turnover rate

4.6%

2017: 3.6% 2016: 3.3%

Target: At least 2% below The Conference Board benchmark, this year 8.0%

Employee retention rate



2017: 94%
2016: 95%

Challenge

Ensuring our workforce can keep pace with rapid change

As the industry faces increased pressure for profitability amidst technological and environmental change, the competitive nature of the industry has increased in speed and scope. This has driven a mindset of efficiency and innovation in which it is important to work smarter, not harder. We are focused on innovating outdated processes, reimagining the nature of work and inspiring new business models. We are also placing greater emphasis on supporting change resilience across the organization.

We have strong [employee engagement](#) and retention, and are committed to continuously improving to build a resilient workforce

- > For the 16th consecutive year, we were recognized by Aon Hewitt as a platinum-level employer and were featured as such in the 2018 *Maclean's* "50 Best Employers" issue.
- > Our voluntary turnover rate was 4.6 per cent, compared to The Conference Board of Canada's 8.0 per cent benchmark for the sector.
- > Our employee retention rate was 94 per cent, strongly outperforming The Conference Board of Canada's 88 per cent benchmark for the sector.



World around us: Climate change; emerging technologies; economic challenges
Disruption is business as usual

By 2030, the insurance and financial industry will be markedly different. Technological changes — like the rise of autonomous vehicles and advancements in medical technology — will have fundamentally altered the nature of risk and the industry as a result. Climate change will have impacted clients, communities and our economy, and will have redefined historical models that are no longer reliable sources of calculating risk. We are investing in partnerships, collaborations and thinking beyond silos to find dynamic and adaptive solutions to pressing challenges on our short- and long-term horizons.

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Engaging our employees

Navigating rapid change, disruption and a competitive industry landscape is challenging, and can strain people and resources in times of transition. We prioritize the engagement of our people, ensuring they are supported and fulfilled in the work they do.

Our aggregated employee engagement scores across the group of companies was 78 per cent. While we are recognized as an industry leader for this strong score, it is below our internal target of 80 per cent or higher. To address concerns, managers and directors analyze results annually and interpret them through team debriefs to develop action plans, capitalize on strengths and focus on areas for improvement.

Where we excel

The majority of employees viewed The Co-operators as an organization with a strong reputation and focus on sustainability that delivers an exceptional, client-focused experience.

Corporate social responsibility

- > 91 per cent identify The Co-operators as a socially and environmentally responsible organization.
- > 80 per cent feel encouraged and supported in promoting sustainability.

Client focus

- > 82 per cent believe that our organization places the client at the centre of decision-making and solutions delivery.*
- > 81 per cent see our client experience as a competitive differentiator.*

Brand

- > 85 per cent believe we live our co-operative values as an organization.*
- > 89 per cent consider the organization as having an excellent reputation in the local community.

*Responses are from Co-operators Group Limited, Co-operators General Insurance Company, HB Group, Co-operators Life Insurance Company and CUMIS Group only.

Where we can improve

As the pace of change increases and we put increasing strain on resources and capacity to meet client needs, we are determined to enhance our work processes, tools and capabilities to better enable our people to succeed.

Enabling work

- > 53 per cent felt that work processes allowed them to be as productive as possible.
- > 60 per cent felt that the technology available to them allowed them to be as productive as possible.

How we are addressing challenges

To better enable work, we are moving towards disciplined Agile methodology and establishing LEAN teams across the organization. In addition, Co-operators Management Group has been mandated to create a team of process efficiency and transformation specialists to ensure that departments are well-supported through transitions to more streamlined work.

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Our workforce at a glance

5,327

Total number of employees*

■ full-time ■ part-time

119

36%

5,208



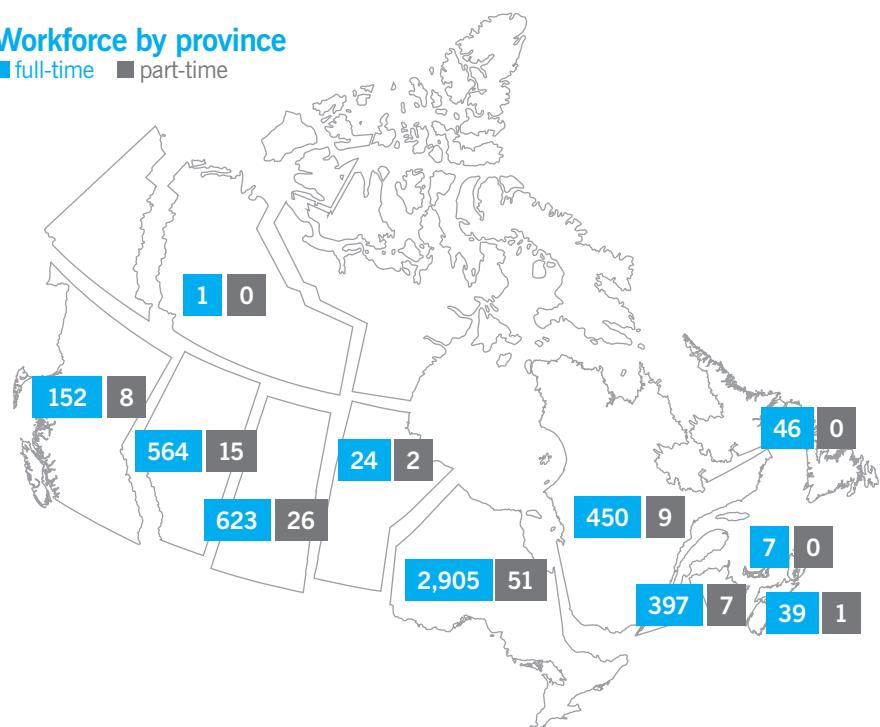
36%



64%

Workforce by province

■ full-time ■ part-time



33%

Representation of women on
the CEO's management team
2017: 20% 2016: 22%

13%

Per cent of staff who self-identify
as a visible minority
1% identify as persons of Indigenous origins

*Includes employees of Premier group of companies and The Edge Benefits Inc. Premier also has 16 full-time employees and one part-time employee in California, three full-time employees and one part-time employee in Washington, and two full-time employees in Maryland.

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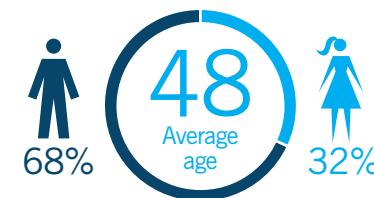
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The Co-operators on the ground: Financial Advisors

Our network of Financial Advisors spans the country. From the largest urban centres to rural heartlands, a trusted representative of The Co-operators is building long-lasting and meaningful relationships with the community. This trust is an embodiment of our co-operative difference. It is brought to life through Financial Advisors who are driven to bring products, services and solutions to the people who need them, while ensuring their clients are satisfied and supported to take care of what matters most.

Advisor age and gender breakdown



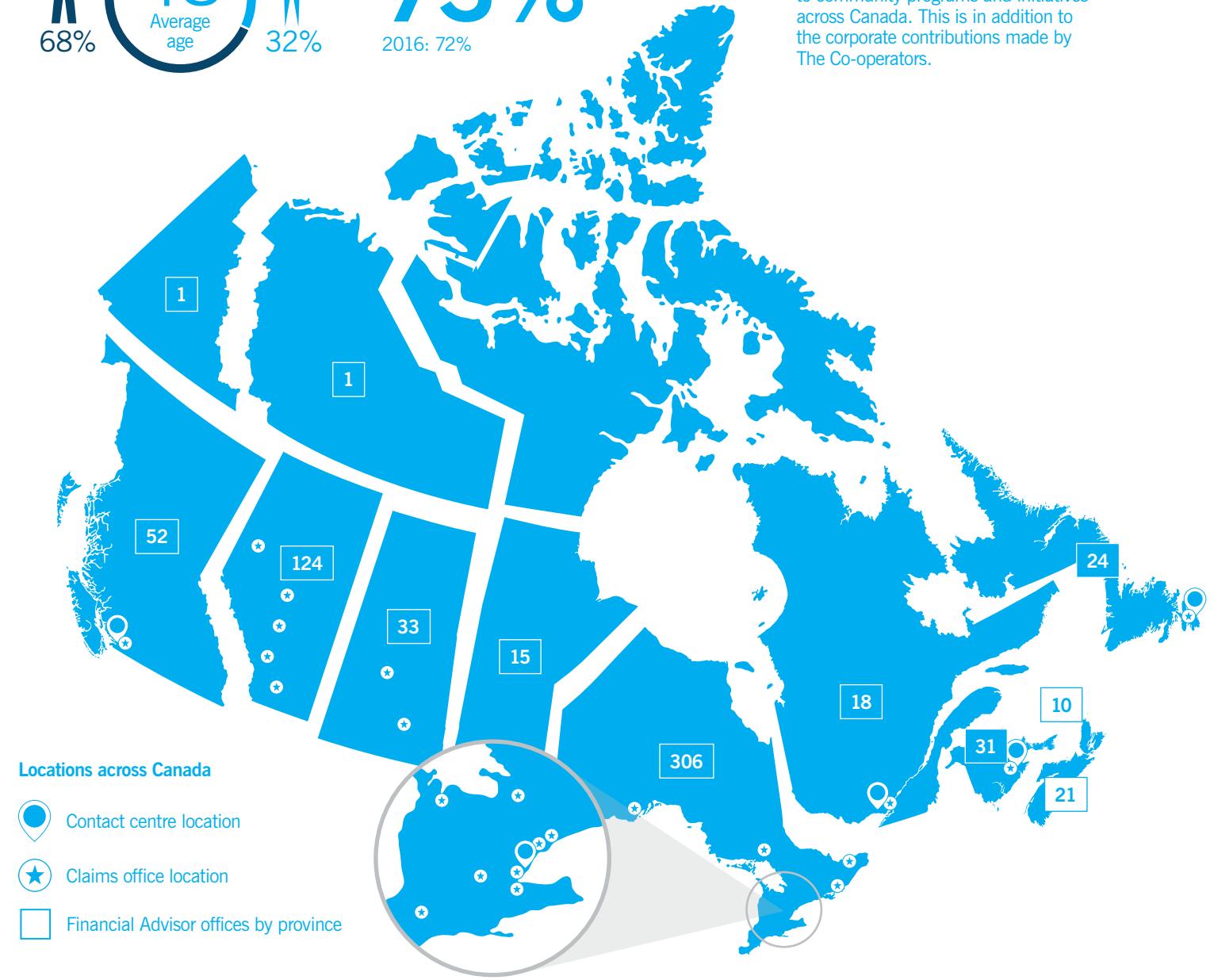
Advisor Satisfaction Index (2017)



Co-operators Financial Advisors contributed a total of

\$900,000

to community programs and initiatives across Canada. This is in addition to the corporate contributions made by The Co-operators.



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Our culture

Our ability to keep employees engaged, satisfied and supported at work enables us to attract and retain top talent. We do so through competitive compensation, development, efforts to support positive mental health, and promoting an inclusive, diverse workplace.

Performance snapshot

Average investment in employee training and development

\$1,029
per employee
2017: \$967 2016: \$1,000

Conference Board of Canada benchmark: \$889

Percentage of senior leaders with a SMART* bonusable goal related to sustainability and/or co-operative identity



Target: 100%

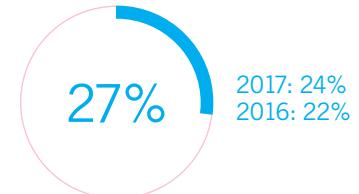
*SMART: specific, measurable, ambitious yet achievable, relevant and time-bound.

CEO to average worker pay ratio (2017)

15:1
2016: 19:1 2015: 18:1

Canadian benchmark: 197:1

Representation of women in senior leadership positions (vice-president and above)



We are addressing barriers and seizing opportunities to improve diversity and inclusion

- > An external organization was invited to conduct an Implicit Bias workshop with employees from a variety of departments to help inform and support planning for diversity and inclusion programming.
- > We enhanced a vice-president mentoring program to help support, mentor and sponsor employees along their journey to senior leadership.
- > The percentage of [women in senior leadership](#) positions across the organization is currently 27 per cent. At the executive leadership level, it is 33 per cent.
- > We produced a [Women in Leadership video series](#) that profiled some of the women who hold senior leadership positions at our organization. Through candid conversations, they outlined barriers and experiences as women in leadership.

We offer competitive employee compensation, training and development

- > We are a Living Wage employer and have a competitive compensation package that far exceeds the Living Wage in most cases.
- > We continually monitor salary through our Salary Review Process to identify and address any gaps in gender pay. In 2018, it showed that the average percentage increase allocated was the same for both genders. In 2019, we will complete further analysis (e.g., comparison of average salaries by pay grade and gender).
- > We invested an average of \$1,029 per employee on external education programs. The Conference Board of Canada's benchmark is \$889 per employee.

We are incentivizing sustainability and co-operative culture among senior leaders

We believe sustainable and co-operative principles need to be promoted through our workforce. For this reason, we require 100 per cent of vice-presidents, senior vice-presidents and executive vice-presidents to include SMART bonusable goals related to sustainability or co-operative identity in their annual performance plans. In 2018, 14 per cent of senior leaders did not have a bonusable goal related to sustainability or co-operative identity — an issue that is being addressed in 2019. Of those senior leaders with such a goal, 94 per cent were deemed to be SMART goals, continuing the historical increase in the quality of senior leaders' sustainability goals.

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Championing mental health in the workplace

To support our mental health initiative, we named 20 employee Mental Health Champions, who bring their passion and motivation for mental health to the workplace.

Mental Health Champions play a critical role in advancing our mental health efforts and impacting change across the organization. They support our goals by ensuring that the workplace creates a positive environment that enables employees to be their best selves at work, at home and in the community, and help reduce stigma related to mental illness.

We are committed to providing our employees with access to innovative, customizable mental health support

- > We enhanced our Bereavement Leave Policy and increased mental health benefits coverage, raising amounts for mental health practitioners from \$500 to \$5,000 per beneficiary per year, and increased coverage to 100 per cent reimbursement.
- > We expanded the list of eligible mental health practitioners to include clinical counsellors and psychotherapists alongside psychologists, family therapists and social workers, and alternate treatment delivery methods like virtual and phone sessions.
- > We received Gold certification from Excellence Canada in the category of Mental Health at Work for our ongoing Mental Health Workplace Strategy, which includes information, training, development and resources to improve day-to-day mental health, and efforts to destigmatize mental health issues in the workplace.



World around us: Demographic shifts; economic challenges
The changing nature of work

As technology enables more flexibility and connectivity at work, telecommuting and a preference for short-term contract roles (the “gig” economy) have become increasingly common in today’s workforce. This is fuelled by employee requests for more flexible work and generational shifts, coupled with the need to attract and retain top candidates regardless of location. To stay agile and effective as an employer, we continue to work with managers to identify roles within the organization that can be filled with “flexibility” when recruiting. We are also reinforcing the benefits of telework and independent gig-style work opportunities.

Mental health affects everyone, and we all can contribute to raise awareness. I have learned so much from other people sharing their experiences.

Being a mental health champion has taught me the importance of changing our mindset and the way we view mental health, leading me to see things from a different perspective.”

Rita Haddad-Estime
Mental Health Champion
Manager, Translation – Corporate Communications
Montreal, QC

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Financial performance and position

2018 reflected big challenges not just for our organization, but for the insurance sector, with specific impacts to the Property & Casualty (P&C) sector. The negative financial performance we experienced this year was not due to a single event, catastrophe or economic decline, but an accumulation of extreme weather events alongside increased investment volatility and uncertainty.

While the year in review proved to be our most challenging from a financial perspective in nearly two decades, we remain profitable and our capital position is strong.

We have expanded our role in co-operative wealth management through Aviso Wealth — an investment entity that can compete with large financial players

Through our role in the Aviso Wealth partnership with Desjardins and credit union centrals, we are demonstrating the global co-operative principle of co-operation amongst co-operatives. This partnership will diversify our income stream, improve our wealth management offering for co-operatives and clients, and help to build a strong, competitive co-operative and credit union sector in Canada.

Through our continued focus on appropriate, tailored risk ratings, we have strong, smart premium growth in our P&C business

Of our 8.5 per cent growth in Net Earned Premium, a significant portion is coming from targeted rate adjustments. We expected to lose some clients when we implemented risk-appropriate pricing (as some clients would experience increases), but in fact we continue to grow net new clients in addition to having strong, multi-line client retention. As a result, we are fourth in terms of P&C market share.



Significant financial challenges in 2018

The worsening trend of extreme weather is significantly impacting financial performance across the industry

Due to severe weather events in 2018, the industry suffered a collective \$1.9 billion* in insured losses — the result of a series of events that were unpredictable in terms of seasonal and geographic impact and frequency. Spring ice, rain and wind storms, tornadic activity in the fall and flooding throughout the year led impacts of extreme weather events to be a significant driver of economic challenges.

Market volatility and investment challenges impacted our investment performance

Significant economic headwinds in the final quarter of 2018 indicated a shift away from a bull market that has lasted over a decade. In December, the investment markets experienced significant declines after an already lacklustre performance earlier in the year. This volatility, in addition to a decline in fixed income value as rates began to rise, and growing uncertainty fuelled by international trade and geopolitical disruption, led to significant negative impacts on the investment side of our business.

We have seen slower than targeted growth in our wealth business lines, particularly in individual wealth

We are focused on training and equipping Financial Advisors to offer wealth solutions to clients, many of whom are not yet thinking of The Co-operators as a financial services and investment provider. We see the wealth side of the business as an integral source of long-term growth for us.

*Source: Catastrophe Indices and Quantification Inc., 2019.

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Road map for climate-related financial disclosures

We developed a three-year road map to integrate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by the end of 2020.

In 2015, the TCFD was established to develop voluntary, consistent climate-related financial disclosures to build climate risk into decision-making. In 2017, we publicly endorsed the TCFD recommendations, and established an advisory group. This group is led by senior representatives from our Finance and Sustainability & Citizenship departments, and includes representatives from Risk, Communications, Governance, Strategy and Actuarial departments, and our investment company, Addenda Capital.

2018 activity

Governance

- > Through our Board's Sustainability & Citizenship (SCC) and Risk and Compensation (RCC) Committees, we improved our alignment with TCFD recommendations in our governance structures and processes. This included providing climate and TCFD orientation to the Board SCC and RCC, adding specific responsibilities in committee Terms of Reference (see page 14).
- > We publicly released The Co-operators Climate Commitment outlining our pledge to address climate-related risks and issues in our governance, products and services, operations and investments.

Strategy

- > The Co-operators joined the UNEP-FI TCFD pilot group for insurers and Addenda Capital joined the UNEP-FI TCFD pilot group for asset managers in order to further the understanding of the TCFD recommendations. Both pilots have identified scenario analysis in their projects.

Risk Management

- > We continue to monitor and analyze the potential impacts of climate change risks on our company.

Metrics and Targets

- > Existing metrics include carbon emissions (see pages 44 and 45) and climate change related impact investments (see pages 50 to 55).
- > Co-operators Management Group and the Board have established high-level goals and objectives in support of climate change. We are working to identify and define key performance indicators and other associated metrics and targets against these high-level goals to measure progress.

Other TCFD Reporting Initiatives

- > We enhanced the "Management Discussion and Analysis" in the 2018 Annual Report of our publicly traded company, Co-operators General Insurance Company, and will seek to expand these disclosures in the future.
- > We participated in a consultation with financial regulators to share information on how we are integrating TCFD recommendations.

What's next?

In 2019, we will complete research to parameterize a two degree Celsius warming of global temperatures that is relevant to our organization. This research will enable us to quantify the financial impact of climate-change through our stress testing program in 2020. We will build upon our TCFD-recommended disclosures in future Integrated Annual Reports and other annual reports, and continue to convene and advocate for widespread, consistent adoption of TCFD recommendations in Canada and internationally.

The risks and challenges of climate change are continuing to increase. Today, we see the impact on our clients and communities. We see the impact in our financial results. By adopting these recommendations, we can create greater transparency and meaningfully address what we know are real and significant risks."

Karen Higgins
Chief Financial Officer
The Co-operators Group Limited

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Summarized consolidated Statement of Income

Year ended December 31

(in millions of dollars)	2018	2017	2016
INCOME			
Net earned premium	3,763.9	3,484.2	3,308.1
Net investment income and gains	81.0	518.7	399.1
Fees and other income	138.4	133.4	133.8
Total income	3,983.3	4,136.3	3,841.0
BENEFITS AND OPERATING EXPENSES			
Claims and benefits expense, net of reinsurance	2,606.4	2,456.2	2,203.2
Other expenses	1,425.5	1,384.6	1,339.7
Total expenses	4,031.9	3,840.8	3,542.9
Income (loss) before taxes and undernoted	(48.6)	295.5	298.1
Gain on contribution of business to joint venture	64.3	0.0	0.0
Income before income taxes	15.7	295.5	298.1
Income tax expense (recovery), operating activities	(26.0)	58.2	63.5
Income tax expense, restructuring of subsidiaries and contribution of business to joint venture	36.7	0.0	0.0
Income tax expense	10.7	58.2	63.5
Net income	5.0	237.3	234.6
Net income attributable to:			
Members	(11.5)	162.8	162.5
Participating policyholders (PAR)	0.8	53.6	58.2
Non-controlling interests	15.7	20.9	13.9
Net income	5.0	237.3	234.6



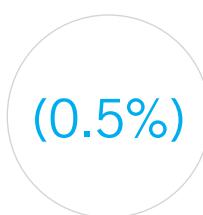
**Expense ratio
for P&C operations**
2017: 33.1% 2016: 33.2%

Target: <31.4% by end of 2018



**Efficiency ratio
for Life operations**
2017: 18.5% 2016: 20.1%

Target: 18% by end of 2018



**Return on
members' equity**
2017: 7.2% 2016: 7.7%

Target: Maintain 8% or better each year

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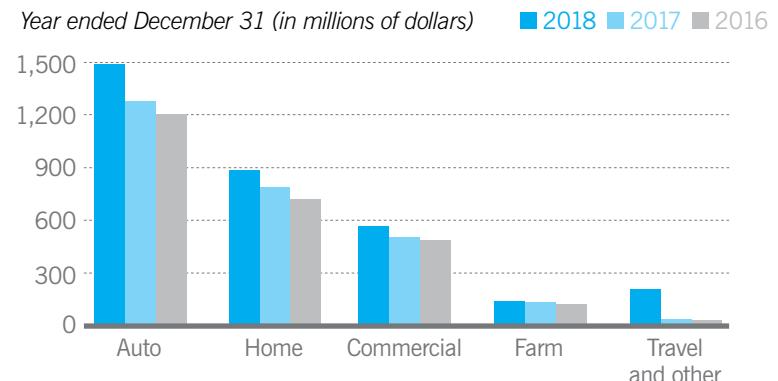
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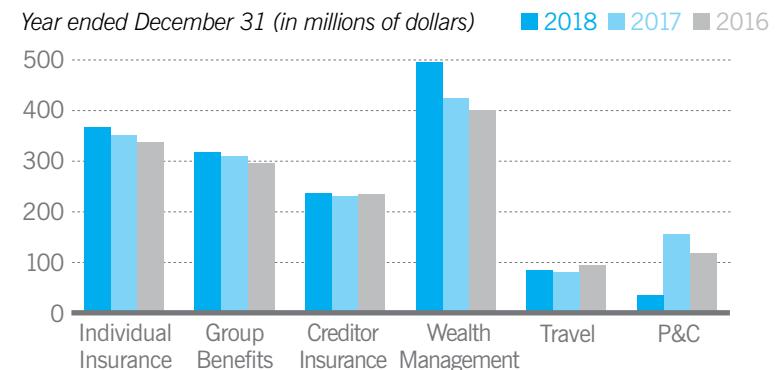
P&C operations direct written premium by lines of business

During the year, we re-organized the CUMIS group of companies, which resulted in CUMIS P&C operations being transferred from the Life Operations to this segment. After adjusting for this re-organization, direct written premium in our P&C operations increased 10.5 per cent as we experienced growth in all geographic regions and all core product lines. The increase was driven by higher average premiums in the Home and Auto lines of business and sustained policy growth in all lines of business and across all regions.



Life operations premiums and deposits by lines of business

After adjusting for our internal re-organization of CUMIS described above, our Life operations' total premiums and deposits increased 7.4 per cent with growth in all lines of business. We continue to experience double-digit growth in individual wealth deposits as our clients are recognizing that we can be a valued partner in their financial well-being.



Net investment income and gains

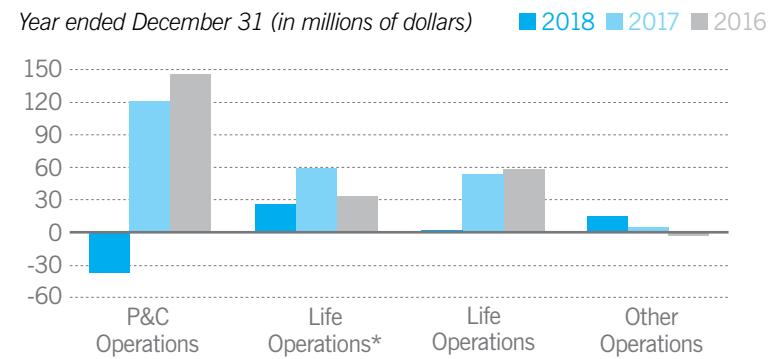
Net investment income and gains decreased significantly in 2018. While the low interest rate environment continues to dampen investment income, shorter term interest rates increased slightly and distribution income from pooled funds and other investments helped increase our net investment income. Equity markets, including the preferred equity market, performed poorly while bond spreads widened and the Canadian dollar weakened. This led to investment losses in the year. A significant portion of the volatility in investment gains and losses arises from our Life operations. Much of this volatility is offset through claims and benefits expenses resulting from the asset-liability matching programs we employ.

Year ended December 31

(in millions of dollars)	2018	2017	2016
Net investment income	299.5	276.7	267.6
Net investment gains (losses)	(218.6)	242.0	131.5
Net investment income and gains	80.9	518.7	399.1

Net income (loss) by segment

Our consolidated net income significantly dropped in 2018 due to weaker P&C underwriting results, poor equity market returns and unfavourable economic conditions, particularly in the last quarter of the year. Included in our 2018 results are net of tax one-time gains of \$27.6 million related to the CUMIS re-organization and the AVISO Wealth joint venture.



*Attributable to members and non-controlling interests.

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P&C operations summary of key performance indicators

Underwriting results decreased in 2018, a result of an increase in the frequency and severity of current accident year Auto claims and an increase in the frequency of current accident year claims in the Home and Commercial lines of business. Unfavourable economic conditions and a fourth quarter correction in equity markets also contributed to lower net income. Our policy and vehicle growth continued to exceed expectations, our expense ratio improved, and the Market Yield Adjustment (MYA)* was favourable in the year. This helped to partially offset the increase in claims. The P&C operations expense ratio ([see page 68](#)) improved 1.2 points in the year as premium growth exceeded expense growth. Overall, net income and P&C operations' return on equity decreased compared to 2017.

**MYA is a measure representing the impact of changes in the discounting provision on claims liabilities.*

Year ended December 31

(in millions of dollars, except ratios)	2018	2017	2016
Underwriting gain/(loss) excluding MYA*	(152.5)	(81.7)	(22.9)
Net income after tax	(37.1)	121.1	145.3
Combined ratio excluding MYA	105.2%	103.2%	101.0%
Return on equity (annualized)	(2.5%)	8.5%	10.5%
Return on equity (annualized, 5 yr avg)	7.9%	9.8%	11.9%

Life operations summary of key performance indicators

Life operations results declined in 2018 as net income attributable to shareholders, excluding one-time gains, decreased by \$19.5 million. Poor equity market returns and the depreciation of the Canadian dollar were the main contributors to the decline in results. Favourable mortality and morbidity experience provided a partial offset. Net income attributable to participating policyholders and return on participating policyholders' equity declined by \$52.8 million and 7.4 points, respectively, due mainly to a decline in equity market returns for the year.

Year ended December 31

(in millions of dollars, except ratios)	2018	2017	2016
Net income attributable to participating policyholders	0.8	53.6	58.2
Return on participating policyholder equity (annualized)	0.1%	7.5%	8.9%
Return on participating policyholder equity (5 yr avg)	5.3%	7.1%	6.4%
Net income attributable to shareholders	28.2	47.7	26.6
Return on shareholders equity (annualized)	7.9%	14.8%	9.3%
Return on shareholders equity (5 yr avg)	8.7%	5.9%	3.4%

Summarized consolidated balance sheet

Our balance sheet position continues to be strong, with over \$3.3 billion in capital. Invested assets exceed the total value of our insurance and investment contracts, net of reinsurance, by 24.9 per cent. Our regulatory capital position, as measured by the Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT), also remains strong with our ratios well above regulatory requirements ([see page 71](#)). Invested assets remained relatively unchanged year over year. Our bond portfolio makes up 56.8 per cent of the portfolio and is well-diversified geographically and by sector with over 98 per cent of bonds considered investment grade.

Year ended December 31

(in millions of dollars)	2018	2017	2016
ASSETS			
Invested assets	9,441.2	9,472.8	9,151.3
Segregated fund assets	2,660.5	2,649.9	2,751.8
Other assets	2,900.1	2,791.1	2,637.9
Total assets	15,001.8	14,913.8	14,541.0
LIABILITIES			
Insurance and investment contract liabilities	7,905.1	7,620.9	7,427.6
Segregated fund liabilities	2,660.5	2,649.9	2,751.8
Other liabilities	1,105.5	1,075.0	1,013.3
Total liabilities	11,671.1	11,345.8	11,192.7
EQUITY			
Member equity	2,339.1	2,443.8	2,302.4
Participating policyholder account equity	795.4	808.1	743.9
Non-controlling interests	196.2	316.1	302.0
Total equity	3,330.7	3,568.0	3,348.3
Total liabilities and equity	15,001.8	14,913.8	14,541.0

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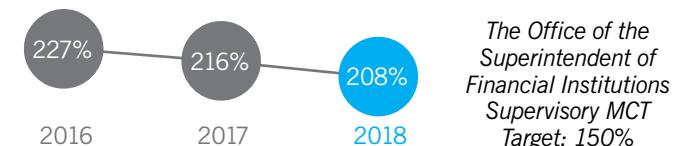
Our capital risk appetite statement

We preserve sufficient capital at all times to allow us to fulfill our promises to our clients through changing circumstances, to meet regulatory and rating agency expectations and to pursue business opportunities as they arise.

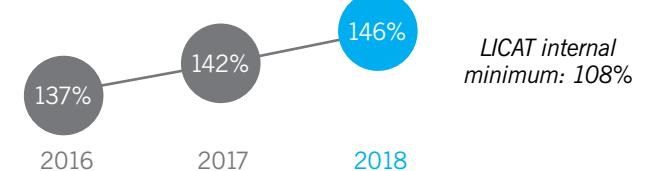
Note: The Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT) are ratios we calculate and monitor to ensure we have sufficient capital to support our regulated businesses. The MCT applies to property and casualty insurers (CGIC Consolidated), and the LICAT applies to life insurance companies (CLIC Consolidated). We hold capital beyond the minimum regulatory requirements for both.

Note: 2016 and 2017 LICAT ratios are pro forma estimates. LICAT replaced the Minimum Continuing Capital and Surplus Requirement (MCCSR) as the life insurance regulatory capital measure effective January 1, 2018.

CGIC Consolidated Minimum Capital Test (MCT)



CLIC Consolidated Life Insurance Capital Adequacy Test (LICAT)



Ratings

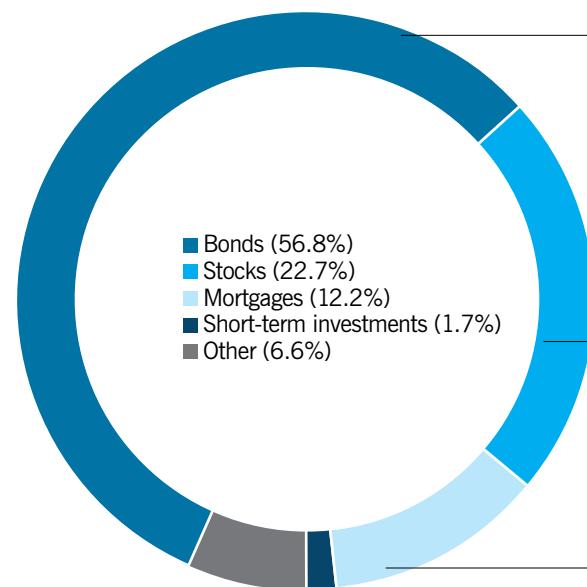
External rating agencies rate our companies and recognize our strong capital position. All ratings are investment grade (BBB-/bbb- or better). The table below shows Issuer Credit Rating and Financial Strength Rating for three of our companies.

	A.M. Best	DBRS	S&P
Co-operators Financial Services Limited <i>Issuer Credit Rating</i>		BBB Outlook: Stable	BBB Outlook: Stable
Co-operators General Insurance Company <i>Financial Strength Rating</i>	A- Outlook: Stable	A (low) Outlook: Stable	A- Outlook: Stable
Co-operators Life Insurance Company <i>Financial Strength Rating</i>	A Outlook: Stable		A- Outlook: Stable

Note: Targets are BBB- or better for CFSL; A- or better for CGIC & CLIC. A complete summary of our credit ratings can be found [online](#).

Invested asset mix

How we invest our assets influences our financial stability, as well as our investment returns. We hold primarily bonds because they are less risky than other investments.



Bonds – consists of Canadian government debt instruments and corporate bonds diversified both geographically and by sector. The credit quality of the portfolio is as follows:

AAA	27.6%
AA	29.5%
A	28.4%
BBB	12.5%
Below BBB	1.6%
Not rated	0.4%

Stocks – consists largely of publicly traded common and preferred shares and is diversified by geography, sector and issuer.

Canadian	47.8%
Canadian Preferred	33.6%
U.S.	13.6%
International	5.0%

Mortgages – primarily in a diversified portfolio of Canadian commercial properties.

Loss ratio of 0.0 per cent over the last five years.

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ON THE HORIZON

As we face the future, we are working to identify new opportunities to lead, anticipate greater challenges in our midst, and develop a new, innovative corporate strategy that will carry us forward, enabling us to continue meeting the needs of clients, members and communities across Canada. Being an efficient and nimble organization will be key to our strength, while continuing to embrace and feed our co-operative roots that differentiate us in a world of volatility and rapid change. The future demands collaboration and co-operation to sustain a resilient, healthy and prosperous society.



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The next four years: Preview of a dynamic, integrated strategy

We are operating in a period of unprecedented change. The coming transformation of personal transportation, the impacts of climate change and advancements in medical technology, to name a few, will significantly impact the needs and preferences of our members, clients and communities, as well as the financial services industry. Our strategy will directly address the challenges and opportunities that these significant external trends present. We won't wait until these challenges and opportunities are directly upon us to act. Our next strategic pillars will position us to face and adapt to future problems today, not tomorrow.



Client Engagement

We will be the leader in client engagement within the financial services industry.



Co-operative Identity

Being a co-operative is core to our identity and our business. We will continue to be invaluable to the co-operative system.



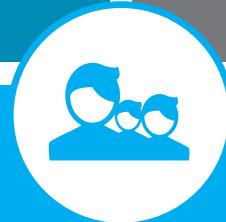
Competitiveness

We will relentlessly pursue operational excellence, which will allow us to grow profitably and capture market share.



Create the Future

The business landscape is changing, and we need to be ready. We will explore and invest in far-reaching new business models and capabilities to secure future success.



Workforce Capability

Our people are the core source of our competitive advantage in a rapidly changing environment.



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Aligning our strategy to the 2030 Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of 17 goals (with 169 specific targets) developed by the United Nations in consultation with its 193 member states and global civil society. They aim to meet the urgent environmental, political and economic challenges facing our world.

We reviewed the SDGs in 2018 and considered how we could contribute to them through a new set of Enterprise Long-term Goals to 2030. Our efforts to align our corporate strategy with the SDGs first began with the Board Sustainability & Citizenship Committee in 2016, supporting the International Co-operative Alliance's endorsement of the SDGs. We first took action to identify which of the 17 SDGs posed the greatest risk or opportunity to The Co-operators. Our Sustainability & Citizenship and Strategic Planning departments then supported discussions among the Board of Directors to prioritize the goals.

Our Enterprise Long-term Goals

Inform & Influence

We will contribute to reducing our stakeholders' risk exposure and increasing their prosperity through our engagement and influence. To achieve this, we will:

- a. Advocate for public policies and financial frameworks that reduce society's systemic risks and accelerate the transition to a low-carbon economy.
- b. Promote positive behaviours for risk reduction, while also helping Canadians make sustainable choices towards better financial, physical and mental health.
- c. Use our influence to promote better environmental, social and governance performance, including increasing the representation of women and other unrepresented groups within leadership roles.

Incent

We will incent Canadians and their communities towards a more sustainable and resilient society. To achieve this, we will:

- a. Provide insurance solutions at rates that balance affordability with reflecting the true cost of the risk.
- b. Enable and incent clients to contribute to sustainable communities through our insurance and wealth solutions.
- c. Partner with governments, businesses, community groups and other stakeholders to co-develop solutions that advance sustainability.
- d. Ensure the composition of our workforce and leadership ranks reflect the face of Canadian society.

Invest

We will help Canadian society realize positive change to risks and become more sustainable through our investments. To achieve this, we will:

Connected to a bigger picture

Globally, challenges like climate change, social inequality, financial insecurity, and more are putting the well-being of communities at risk. In an interconnected world, we understand that we can't solve these problems alone — we need all hands on deck.

We designed our Enterprise Long-term Goals in alignment with these SDGs, linking our strategic priorities with a collective global effort to protect the environmental, social and financial well-being of current and future generations

The Co-operators: mission, vision, values

2030

Enterprise Long-term Goals

1

Strategic plan
2019–2022

2

Strategic plan
2023–2026

3

Strategic plan
2027–2030

UN 2030 Sustainable Development Goals



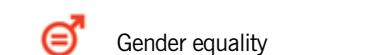
In 2015, the United Nations (UN) developed a set of Sustainable Development Goals (SDGs) to mobilize governments, businesses and communities to develop cross-sector solutions to the complex and urgent environmental, political and economic challenges facing our world.

Our nine priority SDGs

While we endorse all 17 SDGs, we will focus our resources on the following nine SDGs for which we have the greatest expertise and can make the most meaningful impact:



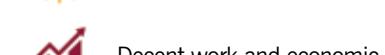
Good health and well-being



Gender equality



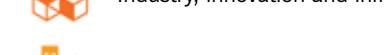
Affordable and clean energy



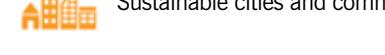
Decent work and economic growth



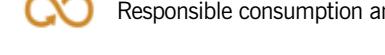
Industry, innovation and infrastructure



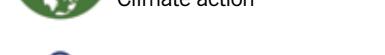
Sustainable cities and communities



Responsible consumption and production



Climate action



Partnerships for the goals

For more information on the UN Sustainable Development Goals, including a full description of the goals and their related targets, visit un.org/sustainabledevelopment/.

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Supplementary disclosures

Our 2018 Integrated Annual Report provides our key stakeholders — our clients, members and co-operative partners, employees, Financial Advisors and broker partners, shareholders, and communities — with information and data related to our economic, social and environmental performance. In compliance with the Public Accountability Statement requirements under the Insurance Companies Act, this report includes relevant activities of Co-operators General Insurance Company, which has equity exceeding \$1 billion, along with the activities of regulated companies owned by The Co-operators Group Limited, including:

- > The Sovereign General Insurance Company (The Sovereign General)
- > Co-operators Life Insurance Company (Co-operators Life)
- > Federated Agencies Limited (Federated)
- > HB Group Insurance Management Ltd. (HB Group)
- > COSECO Insurance Company (COSECO)
- > Addenda Capital Inc. (Addenda)
- > CUMIS Life Insurance Company
- > CUMIS General Insurance Company

For more information on these organizations, visit cooperators.ca. The information, data and context found in these pages focuses on our larger operations outlined above. Unless noted, non-financial reporting items from a number of smaller companies are excluded from this report, based on size or The Co-operators ownership interest. These organizations include: Aviso Wealth Limited Partnership; AZGA Service Canada Inc.; Premier group of companies; The Edge Benefits Inc.; CU Agencies Alliance Ltd.; and UNIFED Insurance Brokers Limited.

Our report

Our Integrated Annual Report captures the activities of The Co-operators Group Limited and its major subsidiaries, unless otherwise stated, for the 2018 calendar year.

This report can be found in English and French at cooperators.ca/integrated-report. To obtain a printed copy, or for more information, contact us at service@cooperators.ca.

Our report validation process

To increase validation mechanisms, our internal audit department has assessed the data integrity of several key financial and non-financial measures and statements in this report. We incorporate internal audit's recommendations on reporting controls where applicable, and future reports will continue to do so. Through a separate process, our consolidated financial statements are subject to an annual external audit. Several key financial figures arising from this process have been included in this report.

2018 CONSOLIDATED TAX EXPENSE (RECOVERY) (In thousands of Canadian dollars)

	Income tax ¹	Premium tax	Total
Federal	(11,423)	0	(11,423)
Provincial			
Alberta	(5,668)	36,618	30,950
British Columbia	(22)	11,604	11,582
Manitoba	(21)	3,626	3,605
New Brunswick	(624)	3,161	2,537
Nfld. and Labrador	(811)	6,156	5,345
Nova Scotia	(731)	4,824	4,093
Ontario	880	58,328	59,208
Prince Edward Island	(240)	1,372	1,132
Quebec	(537)	6,439	5,902
Saskatchewan	(535)	7,939	7,404
Territories	(138)	580	442
Total Provincial	(8,447)	140,647	132,200
Total	(19,870)	140,647	120,777
Other taxes²			97,012
Total tax expense related to 2018			217,789

1. Income tax amounts are *estimates* for 2018 as at January 25, 2019.

2. Other taxes includes commodity, property and business, payroll, capital, and other miscellaneous taxes.

DEBT FINANCING

The Company is committed to making debt financing available to businesses across Canada.

	Number of authorizations	Amount authorized
\$0 to \$24,999	6	\$49,572
\$25,000 to \$99,999	5	\$215,078
\$100,000 to \$249,999	18	\$2,934,671
\$250,000 to \$499,999	13	\$4,544,892
\$500,000 to \$999,999	27	\$21,962,511
\$1,000,000 to \$4,999,999	52	\$106,446,239
Over \$5,000,000	4	\$38,378,321
Total	125	\$174,531,284

For reasons of confidentiality, a provincial breakdown of the number of authorizations and amount authorized is not included.

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Co-operative memberships

As a co-operative, we're a part of a global co-operative system, and belong to the following associations, coalitions and initiatives to advocate for and advance the co-op sector:

- > Canadian Association of Mutual Insurance Companies
- > Canadian Co-operative Investment Fund
- > Co-operatives and Mutuals Canada
- > International Co-operative Alliance
- > International Cooperative and Mutual Insurance Federation
- > Provincial and local co-operative associations

Other memberships

- > Canadian Association of Direct Relationship Insurers
- > Canadian Life and Health Insurance Association Inc.
- > LOMA and LIMRA International, Inc.
- > Travel Health Insurance Association

Other affiliations and partnerships

- > Canadian Bond Investors Association (Addenda Capital Inc.)
- > Carbon Pricing Leadership Coalition
- > CDP (Carbon Disclosure Project)
 - Climate change program (Addenda Capital Inc. and The Co-operators Group Limited)
 - Water program (Addenda Capital Inc.)
 - Forests program (Addenda Capital Inc.)
 - Carbon action initiative (Addenda Capital Inc.)
- > Ceres
- > Corporate Knights' Council for Clean Capitalism
- > Enactus Canada
- > Green Bond Principles (Addenda Capital Inc.)
- > Imagine Canada
- > Institute for Catastrophic Loss Reduction
- > Insurance Development Forum
- > International Corporate Governance Network (Addenda Capital Inc.)
- > ICLEI Canada
- > Investor Network on Climate Risk (Addenda Capital Inc.)
- > Kids Help Phone
- > Montreal Carbon Pledge (Addenda Capital Inc. and The Co-operators Group Limited)
- > Partners for Action Network
- > Partners in Protection Association
- > Portfolio Management Association of Canada (Addenda Capital Inc.)
- > Responsible Investment Association (Addenda Capital Inc.)
- > Smart Prosperity

- > Task Force on Climate-Related Financial Disclosures – Supporters (Addenda Capital Inc. and The Co-operators Group Limited)
- > The Accounting for Sustainability CFO Leadership Network
- > The Conference Board of Canada
- > United Nations Environment Programme
 - Finance Initiative
 - Global Steering Committee
 - Pilot asset management group – implementing the TCFD recommendations (Addenda Capital Inc.)
 - Pilot insurer group – implementing the TCFD recommendations
 - Principles for Sustainable Insurance
- > United Nations-supported Principles for Responsible Investment (Addenda Capital Inc.)

Key contacts

Finance

Andrew Yorke
Vice-President, Corporate Finance Services
andrew_yorke@cooperators.ca

Governance

Carmel Bellamy
Corporate Secretary and Senior Director, Governance, Member & Co-operative Relations
carmel_bellamy@cooperators.ca

Sustainability & Citizenship

Barbara Turley-McIntyre
Vice-President, Sustainability & Citizenship
barbara_turley-mcintyre@cooperators.ca

Awards and recognition in 2018

Client satisfaction

- > J.D. Power
 - Auto:** Highest in Customer Satisfaction among Auto insurers in the Alberta and Atlantic Regions; second in Ontario
 - Home:** Highest in Customer Satisfaction among Home insurers in the Western Region; second in the Ontario/Atlantic Region

Employee engagement

- > Aon Best Employers (Platinum)
(The Co-operators, including Co-operators Group Limited, Co-operators General, HB Group, Co-operators Life, CUMIS Life and CUMIS General)
- > Excellence Canada, Mental Health at Work, Gold

Marketing and communications

- > Insurance Marketing and Communications Awards (IMCA)'s Awards of Excellence in:
 - Highway to Sell – Award of Excellence – Employee Audio/Visual Communications
 - Sistema and Community Guard – Award of Excellence – External Corporate Audio/Visual Communications
 - Social Media Video Series – Award of Excellence – Corporate Social Media

Sustainability and corporate citizenship

- > Corporate Knights' Best 50 Corporate Citizens in Canada
 - #12 overall
 - #1 In insurance
- > Canada's Greenest Employers

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Our world increasingly needs purpose-built organizations that hold the sustainability and resiliency of our communities as top priorities.”

— Robert Wesseling, President and Chief Executive Officer,
The Co-operators Group Limited

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