



# Principles for Sustainable Insurance

ANNUAL DISCLOSURE – 2019





# Sustainability at Desjardins Insurance

At Desjardins Insurance, we believe it's our duty as an insurer to place sustainability and social responsibility at the heart of what we do. As part of the cooperative financial institution Desjardins Group, we share the organization's cooperative values and vision. Through our property and casualty (P&C) insurance, life and health insurance, and wealth management offerings, our products and services cover the full range of our members' and clients' financial needs and are designed with a special focus on environmental, social and governance (ESG) criteria.

## Our commitment

To always do what's best for our members and clients

In 2019, we signed on to the Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme Finance Initiative (UNEP FI) as a way to confirm our commitment to incorporating sustainable and responsible practices into our business operations. This report is our first public disclosure.



## Principle 1

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

The mission of Desjardins Group is to enrich the lives of people and communities through its members and clients, by promoting the development of a sustainable and responsible economy. That's why the organization incorporates social, environmental, economic and governance issues into its strategic planning, its product development and management, and its partner relationships. At Desjardins Insurance, we also ensure we have management practices and policies in place to govern our actions relating to the ESG issues relevant to our business.

### Factoring sustainability into our corporate strategy

In 2017, faced with the challenges posed by climate change, Desjardins Group adopted a position on its contribution to the Paris Agreement objectives. The organization made formal commitments to reduce the carbon footprint of its own investments and, as part of the energy transition, began focusing on renewables in its infrastructure investments. It also formed an ESG steering committee to gradually incorporate ESG factors into its business operations. The committee is mandated with studying ESG issues relevant to the organization, making recommendations to the board of directors, and ensuring positions adopted by the board are integrated and implemented by the organization's lines of business.

At Desjardins Insurance, we also recognize the important role played by the insurance industry in fighting and adapting to climate change, which is why we joined the Task Force on Climate-related Financial Disclosures ([TCFD](#)) formed by the UNEP FI.

### Sustainable development policy

We recognize the urgent need to transition to a more equitable economy that prioritizes environmental protection and renewable resources, which is why we have a policy on sustainable development. We've also adopted a number of other policies supporting our commitment to sustainable development goals, including our Responsible Investment Policy, which promotes a balance between environmental and economic considerations.

Desjardins Group also has a decentralization policy designed to move more of its operations outside major cities—a concrete way Desjardins supports the economic well-being of the communities it serves. In addition, the organization's procurement policy requires all major purchasing decisions to be made by a centralized procurement team. This makes it easier for Desjardins to ensure the goods and services it uses come from companies with responsible ESG practices.

## Green management practices

Desjardins Insurance is aware of the impact our operations can have on the environment, which is why we've implemented measures to minimize travel, for employees and customers alike. Some of these initiatives include upgrading our IT assets, introducing online collaboration tools, gradually electrifying our vehicle fleet and encouraging carpooling. We're also always looking for new ways to reduce our use of paper. Our recent transition to an electronic life insurance application process has been a huge success, with the highest take-up rate in the industry (90%). This translates into a savings of 500,000 pages of colour printing a year. As well, clients can now access their documents online. And since January 1, 2019, there has been an organization-wide ban on single-use plastic products like water bottles, cups, stir sticks and straws.

## Accessible services

We care about social inclusion and understand that there are barriers preventing people with physical, cognitive and functional limitations from finding the information they need about insurance products. That's why we've made sure all our internet platforms comply with provincial accessibility standards for users in all areas.

In fact, we do whatever we can to simplify our members' and clients' lives. For example, we developed an insurability questionnaire with dynamic fields that lets applicants know right away whether they qualify for life insurance, helping them avoid unnecessary travel to get paperwork signed or undergo paramedical tests. We also expanded our online services so our P&C clients can do more things from the comfort of their home, whether that's getting a quote, buying coverage or managing their policy. In 2019, we took the #1 spot in J.D. Power's Canada Insurance Digital Experience Report.

We also know that navigating the financial system is an important success factor for newcomers to Canada. That's why this clientele is a special area of focus for our financial education program. We've also designed products specifically for newcomers, including health insurance for those waiting for their government coverage to kick in and visa holders who don't have any coverage. In our auto insurance sector, we recognize non-Canadian driving experience from eligible countries, making the application process easier for newcomers.

We consider access to insurance to be an important issue. We've made a name for ourselves in the marketplace for our efforts to democratize access to basic insurance coverage, such as life insurance and accident insurance, at affordable prices.

## Transparency

At the start of 2020, most P&C insurers were forced to increase their premiums due to profitability issues affecting the entire industry. We took a transparent approach to communicating the change, sending out personalized messages to our clients and equipping our agents to clearly explain the reasons behind the increases. We also made sure to include proactive advice on how clients could maintain or even lower their premiums.

In the same vein, we've introduced measures to ensure our members and clients aren't over-insured. It's not uncommon for someone to take out travel insurance for an upcoming trip, for example, forgetting that one of the products they have already comes with it. Our customer service team reaches out to these members and clients to offer refunds.

## Proactive risk management

We recognize the impact of climate change not just on our members and clients, but also on our own operations. That's why we have an annual process for identifying and assessing climate-related risks and opportunities. The action plans we build to address these risks and opportunities are monitored on a quarterly basis. These efforts are part of the wider disclosure process recommended by the TCFD.

## A fast, streamlined and user-oriented claims process

All our processes and decisions revolve around our members and clients. That's been the inspiration for online solutions like our photo estimate feature, which prevents our auto insurance clients from having to make an extra trip at an already stressful time in their lives. Plus, it simplifies and speeds up the entire claims process, letting our agents make decisions and respond to inquiries as quickly as possible. We've also introduced other effective solutions to keep our clients reassured, including an efficient and carefully designed claims process and a focus on clear and empathetic communication. In our disability insurance sector, we've restructured our claims process to eliminate the waiting period in cases where a critical illness results in total disability, meaning the claimant is eligible for benefits right away.

We also believe in supporting our communities. Our claims adjusters do not hesitate to travel to meet with clients when they need help with a difficult claim. Having our adjusters on site helps make sure claims are handled as efficiently as possible, avoiding delays and additional stress for our clients. In 2019, a dike broke in Quebec, causing widespread flooding. Some 6,000 people were forced to evacuate and 2,500 homes were damaged. In a matter of days, we had a team on site to assist our clients, provide reassurance and walk them through the claims process. We also had appraisers and claims adjusters travel to meet with people and visit damaged properties. We took the same approach when Hurricane Dorian hit the Maritimes.

**All our processes and decisions revolve around our members and clients.**

When our members and clients are affected by natural disasters, we will work to find custom solutions to offer financial relief, including postponing payment dates up to 6 months for many products and services.

## Responsible products and services

We design and update products and services to be socially and environmentally responsible, through initiatives such as rebates offered to homeowners who obtain LEED certification and auto insurance clients who buy electric, hybrid or fuel-efficient vehicles. We were the first insurance company in Canada to offer flood insurance. We also offer responsible investment products and portfolios.

## Asset management

One of the concrete ways to address climate change is by reducing our own carbon footprint. At Desjardins Insurance, we've set a reduction target for our own investments: starting in 2020, our publicly traded portfolio will have a carbon footprint that is 25% lower than the average greenhouse gas emissions of the companies that make up the stock and bond market indices.

The portfolio manager for our investments is Desjardins Global Asset Management ([DGAM](#)), which is a signatory to the Principles for Responsible Investment of the UNEP FI.



## Principle 2

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

### Ongoing dialogue for prevention and awareness

Our goal is to maintain an ongoing dialogue with our members, clients and partners on the benefits of ESG integration, because we believe it is part of working in their best interests. We use a variety of communication channels and resources to raise awareness about risk prevention and help people better protect themselves.

### Better protection through education

We've developed a range of communication initiatives, including regular [blog](#) posts, where we publish useful information about insurance for individual consumers. We refer readers to resources where they can learn more about protecting themselves from accidents, whether on the road, at home or in their business, or from weather events or natural disasters.

### Technologies for the benefit of our members and clients

We use our various platforms to publish advice on health management, financial empowerment and stress reduction, with articles targeted to our group insurance plan members, our other members and clients, and the general public. We provide reliable information on financial well-being, interactive tools to help people empower themselves, and one-on-one phone support to help them lead healthier lives.

Some of the applications we've developed in an effort to communicate preventively with our members and clients include:

- Radar, a mobile app that sends alerts if there's a risk of extreme weather that could cause damage
- Adjusto, a program that rewards good driving behaviour with savings on insurance premiums



## Putting our members' and clients' well-being front and centre

Today's digital age offers exciting new advancements, but it also comes with its share of new risks. That's why Desjardins Group is doing everything it can to make sure its members' and clients' information is safe. That's the motivation behind Desjardins Identity Protection, a coverage solution offered to all of the organization's members and clients that ensures their accounts and assets are protected and includes 5 years of credit monitoring from Equifax. In the event their personal information is used to commit fraud, Desjardins will provide personal support at every step of the identity restoration process. That includes a team of experts and lawyers to provide one-on-one support, tailored to their situation. Desjardins Identity Protection will also reimburse members and clients up to \$50,000 for expenses incurred as part of restoring their identity.

At Desjardins Insurance, we're also committed to the well-being of our members and clients, which is why we make free assistance services available. These services include:

- Medical assistance while travelling
- Roadside assistance, with select products
- Psychological support services
- Legal information

## Solutions to help take action

As part of a cooperative financial group, we make a point of developing tools that will lead to concrete action to benefit our communities. Over the past few years, we've introduced a variety of innovative practices and programs to our members, clients and employees to help them manage risk and find solutions.

For example, our Alert program lets clients sign up for text message notifications when potential water damage or freezing pipes are detected. We also curate a series of educational videos on the theme of financial wellness for members of our group retirement savings plans, with content tailored to each person's situation. The videos incorporate information about plan members' own situations, giving them personalized recommendations—an industry first. It's part of *Your Way, Plain and Simple*, a communication program covering all facets of retirement planning in an effort to make retirement more accessible—an area where we lead in the Canadian marketplace.

In our group insurance sector, we offer a program to promote better sleep quality to our plan members. It includes videos, a survey, educational resources and therapy sessions to help them sleep better, potentially helping with any associated health problems. Plan members have as well access to an employee assistance program, which provides a comprehensive support to employees and managers, and their families. The program offers confidential assistance and problem-solving services, including counselling in person, by phone or online for personal, relationship or family problems, issues with addiction, or problems at work. We also make a telemedicine service available to our plan members and their families, giving them anytime access to online healthcare.

## Responsible business relationships

We strive to build respectful and collaborative business relationships with our vendors based on industry best practices. We make every effort to ensure they understand and share our policies and priorities in the area of sustainability.

## Quebec finance industry leader in responsible procurement

Desjardins Group is the only financial institution that was a founding member of ECPAR (Espace québécois de concertation sur les pratiques d'approvisionnement responsable), a Quebec-based group dedicated to building partnerships to establish responsible procurement practices. As an ECPAR member, Desjardins Group has developed a standardized system to assess its vendors against social responsibility criteria, which is working to encourage responsible practices in our business partners.

To better communicate our sustainability expectations to vendors, we have a [Supplier Centre](#) on our website with a section on responsible procurement. We also have a code of conduct for our vendors, which sets out our expectations for them.



## Principle 3

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

### Giving back

In addition to supporting major causes through national campaigns, we also run local programs to benefit our communities.

### Helping people in need

Every year, Desjardins Group runs the Desjardins Cares and Shares campaign to raise awareness among employees about needs in their communities. It's a large-scale workplace fundraising campaign to get employees involved and encourage them to donate to our official charitable causes (the [United Way](#), the [Desjardins Foundation](#) and the [Red Cross](#)).

We also run a P&C Insurance Outreach Program, which values, encourages and promotes volunteer and charitable work by our employees. As part of the program, we donate \$500 to any eligible charity where one of our employees volunteers at least 40 hours of their time. And if an employee participates in a fundraiser for an eligible charity, we'll match the funds they raise, up to \$100 for individual employees and \$250 for a team. Through this program, we hope to encourage community involvement and behaviours that are aligned with our values.

We created the Desjardins Disaster Relief Fund to support our members and clients who are affected by disasters not covered by their insurance. In addition to contributing to the fund, we will often provide financial support to communities recovering from accidents or natural disasters.



## Joining forces to improve our communities

For 36 years, we've been partnering with Operation Red Nose to run a road safety campaign that helps raise money for organizations dedicated to youth issues and amateur sports in Quebec. We also support organizations like the Traffic Injury Research Foundation, whose goal is to reduce the number of traffic-related injuries and deaths by educating people about road safety and promoting strategies and good driving behaviours.

The general health and well-being of Canadians is another area that is important to us. We partner with organizations like the Heart and Stroke Foundation and the Canadian Cancer Society to promote healthy lifestyle habits at public events. We also work with the Canadian Mental Health Association and the Psychology Foundation of Canada to promote work-life balance.

Another of our partners is the YMCA, which shares our values of goodwill, empathy and inclusion. We signed partnership agreements with the YMCA in 2019 and 2020 to support young people of all backgrounds.

We're also proud to support the revision of Quebec's **Healthy Enterprise Standard**, which is on track to becoming a Canada-wide standard, in partnership with the Healthy Enterprises Group, a Quebec leader in workplace health and wellness. The standard was established to maintain and improve workplace health in a sustainable way, and it helps employers implement effective prevention and health promotion programs for their employees.

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## Collaborating and dialoguing with governments, regulators and other standard setters to reduce risk

In the digital era, best practices are needed to protect against identity theft. In addition to giving our members, clients and employees the best possible tools to keep their information safe, we plan to continue to work closely with regulators and governments to implement best practices, including new legislation, to benefit all Canadians.

Desjardins Group recently set up a new committee on privacy protection and digital identification, confirming the organization's long-term commitment to information security. The committee is expected to provide an update on its work in the first quarter of 2020. As the co-founder of the francophone branch of the Digital ID & Authentication Council of Canada, Desjardins Group will also be providing details on its progress.

## Collaborating and dialoguing on ESG initiatives

At Desjardins Insurance, we recognize the importance of dialoguing and collaborating with a wide variety of stakeholders, which is why we've joined working groups established by the UNEP FI, including the PSI working group and the pilot group on implementing the TCFD recommendations for the insurance industry. We are also involved with [CatIQ](#) to help quantify the impacts of natural disasters on the insurance industry; we are working with the [Insurance Bureau of Canada](#) on flood insurance; and we are a member of the [Institute for Catastrophic Loss Reduction](#), which works to identify measures for mitigating and adapting to the impacts of climate change.

## Principle 4

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

We are aware of the importance of transparency in disclosure reporting. This report, which summarizes the measures we are taking to gradually integrate ESG criteria into our business operations, is available on the [UNEP FI](#) website and on [Desjardins.com](#).

For more detailed information on the measures our parent organization, Desjardins Group, is taking to integrate social and cooperative principles into its operations, refer to the annual social and cooperative responsibility report published on [Desjardins.com](#).

