



Moving forward. Together.

Integrated Annual Report 2021

The Co-operators Group Limited



About this report

This is our integrated report for an interconnected world.

We exist in a complex world. Our successes, challenges, risks and opportunities are connected to the strength of the economy, the sustainability of the environment, and the health and well-being of our people.

Within these pages, we tell a comprehensive story of our performance, in relation to the needs of our stakeholders and the factors that impact us. From our greatest challenges to our biggest successes, we offer an interconnected view of how Co-operators creates environmental, social and financial value over time.

The 2021 Integrated Annual Report is our Public Accountability Statement, integrating our sustainability, governance and financial reporting into one document. It is part of our full reporting suite, which is available online at cooperators.ca/reports.

Learn more about our climate-related risk online.

Our 2021 Task Force on Climate related Financial Disclosures (TCFD) Report contains detailed disclosures on climate related milestones, governance, strategy, risk management, and targets and metrics. [This report is available online at cooperators.ca/reports.](https://cooperators.ca/reports)

Land Acknowledgement

The Co-operators Group Limited is headquartered in Guelph, Ontario, situated on the treaty lands and territory of the Mississaugas of the Credit First Nation, and the ancestral homelands of the Anishinnabe, Haudenosaunee and Attawandaron peoples.

We understand that the places where we work are home to many past, present, and future First Nations, Inuit, and Métis peoples, and acknowledge this as part of our journey, support for, and ongoing commitment to Truth and Reconciliation in Canada.

With many employees, Financial Advisors and client-facing staff working in communities from coast to coast to coast, we have developed a land acknowledgement resource to help our workforce learn more about land acknowledgments, understand how to deliver them respectfully and appropriately, and foster their own Truth and Reconciliation journey. More information on our commitment to Truth and Reconciliation can be found in the "Workforce Capability" section of this report.

Guide to the 2021 Integrated Annual Report

Whether you want a quick read or a detailed journey, we've got you covered. Use this guide to help you access the information you need.

Browse (pages 10 to 15)

Looking for some quick data points? Take in the numbers with an at-a-glance dashboard of our strategic performance.

Read (pages 16 to 87)

Dive into commentary surrounding the year in review, including our successes and challenges, and gain new insights through stories of our people, members and clients.

Analyze (pages 88 to 113)

Learn how we're aligned to the UN Sustainable Development Goals. Delve into our risk-management discussion and analysis, and our financial statements. And discover how we determined the priority reporting issues of our Integrated Annual Report.

Visit cooperators.ca/reports for the following:

- GRI Content Index*
- Supplementary Disclosures
- Archived reports

**This report has been prepared in accordance with the GRI Standards: Core option.*

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Legend

Look for these symbols, which point to key information throughout the report:



Top achievements

These are areas where we have seen significant progress toward (or exceeded) our strategic objectives.



Key challenges

These are areas where we have encountered difficulty in achieving our objectives, either internally or externally.



Discover more online

[View our Integrated Annual Report summary at integratedreport.cooperators.ca.](https://cooperators.ca/integratedreport)

Brand evolution

It's a new era for Co-operators.

In transforming our business into a holistic financial-services organization, we needed an identity that matched our investment in the future. A brand that would grow with us.

Who we are

As a leading financial services co-operative, we help all Canadians build their financial strength and security no matter where they are on their personal path.

Where we've been

For more than 75 years, we've been helping our clients protect what matters most. In 1945, The Co-operators was founded by a group of farmers, credit union leaders and social pioneers wanting to care for themselves and their communities, at a time when traditional insurers couldn't meet their needs. Today, with 600 plus locations across Canada, we remain true to our roots: putting the needs of our clients and our communities first.

Our new brand symbol

Our brand symbol is representative of an oak leaf that reflects the strength of our past, and contains three chevrons – all moving harmoniously forward. That momentum reflects our commitment to supporting Canadians as they work to grow their financial futures.

Where we're headed

For the next 75 years and beyond, we want to provide Canadians with the products, solutions and advice they need to feel confident about the future. That means helping them protect what they have today, while preparing them for what comes tomorrow.



Our new brand

Investing in your future. Together.

At Co-operators, we believe that there's no such thing as thinking too far ahead. Because, if we think about it, we can plan for it. And, if we plan for it, we can make the most of any situation.

We believe that preparation is just as important as protection, and that best serving our members and clients today means looking toward tomorrow. We invest in our communities to create a stronger foundation. We champion sustainability to build a future worth growing into. We offer advice that looks at what's in hand, and at what's ahead.

In short? We help clients keep what matters safe and save for what matters. Because, as a partner in their futures and as part of their communities, we're invested, too.

Our mission: To create financial security for Canadians and their communities.

As the world around us changes, we remain focused on the needs of Canadians—and the issues that impact their long-term financial security. We work to develop solutions that promote security and peace of mind, while strengthening our financial performance, and making our company, members, clients and communities more resilient.

Our vision: To be valued by Canadians as...

- a champion of their prosperity and peace of mind.
- a trusted leader in the financial services industry, distinct in our co-operative character.
- a catalyst for a sustainable society.

Our values

At 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.

We're guided by global co-operative principles

The seven global co-operative principles—as outlined by the International Co-operative Alliance—guide our decision-making and align us to the global co-operative movement. Learn more about our governance on page 78.

Letters to Stakeholders: President and CEO, Rob Wesseling

We are focused on a resilient, sustainable, and equitable future.

Our strategy was designed to navigate the changes we anticipate on our horizon.

Some of these changes pose great challenges to the financial security of our communities. Climate change is impacting our communities in unprecedented ways. If we do not act, the impacts we've seen in 2021 will only get worse, and continue to threaten the very fabric of our communities.

Some changes present opportunities to innovate. Digitization is re-shaping industries and consumer behaviours. These changes drive us to stay relevant to the emerging and ill-met needs of the people we serve.

Other changes compel us to be better. Social movements are rightfully dismantling systemic racism. As businesses, we must seize opportunities to right these societal wrongs and improve our workforce culture.

We're embracing change.

For over 75 years, Co-operators has primarily been in the business of protection. When events or circumstances threatened our clients' financial security, our products, services and solutions provided the peace of mind needed to take care of what matters most. The fundamental purpose behind our work will not change: we exist to provide financial security for Canadians and our communities.

We are entering a new era.

Today, in the face of rapidly changing risks, we've placed a greater focus on loss prevention and mitigation, to further catalyze financial security in our communities and drive us toward our purpose. We're investing our capital to build more resilient communities that can not only withstand, but thrive amidst change, including climate impacts.

With our new suite of wealth and investment products, we're helping all people plan successfully for their futures, regardless of their level of wealth.

Our new brand will carry us forward.

Our new business model focused on holistic financial advice will help secure the environmental, social and financial strength of Canadians and their communities.

To act on climate change, we've established partnerships, products and services that promote climate resilience. We've set net-zero targets for our operations and our investments. We've joined international and national efforts to build the net-zero economy and more sustainable financial markets.

We are transforming our co-operative to meet the needs of our members and clients in a rapidly changing world. Our digital transformation enables us to focus on providing the guidance, tools, and information to help clients make the right decisions for themselves and their loved ones.

The work ahead will be challenging, and in many ways, we have significant ground to gain. Yet, this work will enrich us. Most importantly, it will require us to co-operate with our clients, members and communities in pursuit of a better future.

And that's always been our strength.

Robert Wesseling

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



Letters to Stakeholders: Chairperson, Board of Directors, John Harvie

Our co-operative purpose is our north star.

While uncertainty and challenges persisted throughout 2021, our co-operative had a productive and successful year. Our Board of Directors upheld its governance and key strategic oversight practices. I believe our identity as a co-operative is at the heart of this success.

Our co-operative nature is about more than our reputation in community, or the differentiating products, services and solutions that we offer. Fundamentally, it's who we are. As a co-operative, we aren't one voice, but many. The Co-operators Group Limited is governed by 46 member organizations who represent the interests of millions of Canadians. In addition to member organizations we are represented in communities across Canada by thousands of employees, Financial Advisors and client-facing staff. We are strengthened by coalitions of like-minded peers throughout the country and much of the world.

Our efforts are collective.

Virtually from the beginning, we have known how to work together. We were founded with an intrinsic ability to co-operate. And that's why we are well-positioned to lead and to be a leader in addressing the challenges ahead. The changes we face are persistent and increasing.

The pandemic and climate change have both shown that creative resilience is gained through co-operation. Co-operation isn't always easy. In fact, it can be quite difficult.

Co-operation requires us to embrace differences to find solutions.

By working together, we have largely succeeded in meeting all challenges. This is something to celebrate and is further indicated by the strength of our member engagement. Through each challenge, we work across sectors and geographies, political views, languages and cultural understandings. We stay oriented to the co-operative purpose of ensuring we are meeting the needs of our members, and of all Canadians. We don't always get it right; there are barriers and missteps along the way, and ways in which we must do better. For example, we must continue working to ensure our governance structures and board reflect principles of inclusion, diversity, equity and accessibility, not just in appearance but in practice.

2021 was a pivotal year.

We launched a new brand. We set net-zero climate targets and an ambitious bar to invest for positive impact. We supported communities through devastating climate-related events across Canada. We remained steadfast in other areas of support for communities, contributing 4.1% of our pre-tax profit to Canadian co-operatives, non-profits and charities. We doubled our financial support for expanding and emerging Canadian co-operatives. In each of these ways, and more, we've demonstrated our mission and our purpose to provide financial security for Canadians and our communities. I have no doubt that our clear sense of purpose will continue to be our greatest strength. As always, we face the future together.

John Harvie

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



2021 trends and issues

As the world changes, we change with it.

In a dynamic and fast-changing society, we stay connected to trends and issues that emerge, and take action to anticipate, as well as respond and adapt to change.



Climate crisis

Climate change is the greatest challenge of our times. In Canada, climate-related risks are expanding, and there has been a stark increase in catastrophic losses in recent decades. Setting net-zero targets, expanding impact investing and transition finance goals, and building resilience through our climate risk protection products and advice are some of the actions we're taking. Learn more about our climate-related activities on page 35 or in our [Task Force on Climate-related Financial Disclosures report, which is available at \[cooperators.ca/reports\]\(https://cooperators.ca/reports\)](#).



COVID-19

The COVID-19 pandemic continued to impact our clients, members, communities and organization, as epidemiological waves occurred across Canada and around the world. We prioritized the financial security of our clients through ongoing financial relief, we invested in community resilience with expanded community contributions, and we prioritized employee health and well being in remote work environments.



Truth and Reconciliation

The intergenerational traumas inflicted against Indigenous communities in Canada were brought to the forefront in 2021 precipitated by the tragic uncovering of the unmarked graves of 215 Indigenous children of the K'emlúps te Secwépemc First Nation at a residential school in Kamloops, British Columbia. By year's end, more than 1,000 graves associated with residential schools were uncovered across the country. There is an urgent need for justice and the dismantling of systemic racism against Indigenous communities. Co operators is working with partners, like the Canadian Centre for Diversity and Inclusion, to integrate principles of Truth and Reconciliation into our governance, our business decisions, and the social impact frameworks that guide our business strategy, practices, partnerships and programs.



Consumer preferences

As society continues to adapt to a world of physical distancing, due to the pandemic, the rise of digital engagement is only accelerating. More and more, whether it's shopping for shoes or booking a hotel, business transactions are conducted virtually, from the comfort of home. And, now, insurance and investing services are being held to the same standard. It's imperative that we stay competitive not only within our industry, but with the new level of digital experiences that our clients have come to expect. To learn more about our digital evolution, see page 24.

2021 reporting issues

We report on what matters.

The issues that matter most to our stakeholders and our organization are discussed throughout this report, in relation to our strategic performance. For a full list of our priority reporting issues, read the “Additional Report Information” section of this report, on page 88.



Client and member
financial security



Financial
performance



Climate change and
the net zero economy



Community
resilience



Inclusion, Diversity,
Equity and Accessibility



Workforce
engagement



Investing for positive
impact and sustainability



Environmental
footprint



Innovation and
digital trust



Co-operative
governance



Future insights

Value creation

We're working together, in a cycle of shared prosperity.

Through our advice, products, investments and partnerships, we provide solutions that meet the needs of our members, clients and communities. Over time, these solutions lead to positive impacts and outcomes that improve financial security, sustainability and resilience.



Our key stakeholders:

Our stakeholders are the people for whom we create value. These groups are interconnected and interdependent.

- Clients
- Members
- Communities
- Workforce (employees, Financial Advisors and client-facing staff)

Our stakeholders provide the capital, insights, partnerships and resources we require to develop products, services and solutions to meet their needs.

- \$5.05 billion in direct written client premiums
- 46 member organizations send 125 delegates, who nominate 22 directors who govern our organization
- Community partnerships provide on-the-ground insights into unmet needs in communities across Canada*
- 6,644 employees and 2,721 licensed insurance representatives, including 436 exclusive Financial Advisors work to deliver on our mission

Outputs

We protect and plan for our clients' financial futures, and invest in the financial, environmental and social value of our communities.

- \$1.89 billion in claims and benefits paid to clients
- \$28.7 million in Member Loyalty Program payments distributed to members
- 4.1% pre-tax profit donated to charities and non-profits
- An average of \$739 per employee spent on training and development

Outcomes

Our relationships, products and services, investments, and workplace culture lead to positive outcomes.

- Trusted advice, products and services build strong brand reputation
- 96% Member Engagement Score
- Community partnerships increase access to mental-health supports, healthy environments, and meaningful employment
- Top employee talent attracted and retained

Impacts

We strive to create positive, long-term environmental, social and financial impacts for our stakeholders and broader society.

- Financial security for Canadians
- A thriving Canadian co-operative sector
- Sustainable and resilient Canadian communities
- An engaged, inclusive workforce living healthy and fulfilled lives

*For a full list of our memberships, affiliations, and partnerships see our [Supplementary Disclosures at cooperators.ca/reports](https://cooperators.ca/reports).



We create financial security for Canadians and their communities.

Our four-year corporate strategy (2019 to 2022)

We deliver on our strategy today, with an eye to the future.

Our 2019 to 2022 strategy was developed with rapid change in mind.

Through our strategic areas of focus, we are positioned to navigate challenges in front of us and seize opportunities on our horizon. Together with our members, clients, workforce and communities, we're designing a smoother transition to a more sustainable, resilient future.

Here's a look at our current four-year corporate strategy.

Our strategy contains five key focus areas: Client Engagement, Co-operative Identity, Competitiveness, Workforce Capability and Create the Future.

Client Engagement

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

We will ensure that the client is at the centre of our decision-making and solution delivery, providing a consistent and seamless experience across all interaction points. We will offer advice and solutions for holistic financial security, while continuously working to understand client needs and preferences.

Co-operative Identity

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

We will deliver relevant, compelling solutions to our member organizations and champion the advancement of the co-operative system. We will lead with initiatives that address Canadians' unmet economic, social and environmental needs, and build their resilience. We will integrate co-operative and sustainability principles into all areas of our business.

Competitiveness

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

We will modernize our products and services to align with changing client needs, while focusing on collaboration and operational efficiency. We will invest in our core capabilities, including the use of data and analytics, and we will partner with like-minded organizations to provide competitive, holistic offerings to a diverse range of clients. We measure our Competitiveness through our top-line growth in key business lines, efficiency ratios and profitability performance, and strategic partnerships.

Workforce Capability

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

We will empower an adaptable workforce by identifying – and removing barriers to – achieving a diverse, inclusive workplace. We will develop, attract and retain the brightest and best people, while strengthening our culture of innovation. We measure our Workforce Capability through engagement surveys, mental health indexes, diversity and inclusion metrics, and employee and Financial Advisor development.

Create the Future

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

We will prepare the organization for industry transformation by developing innovative solutions and new business models that address changing client needs. We monitor the development, adoption and performance of our emerging business models.

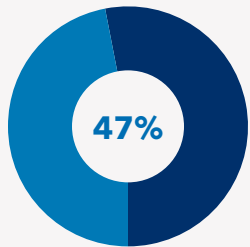
2021 strategic performance

Client Engagement

Find out how our clients rate us, and discover the ways we're growing and evolving our business to meet the needs of a wider range of clients.

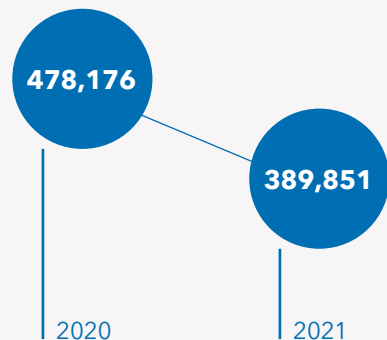
Digital trust and online engagement

Percentage of households that have signed up for Online Services



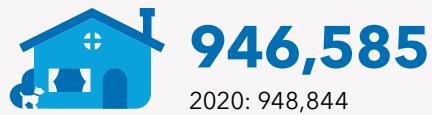
2020: 43%
Target: 40% by the end of 2022
Status: exceeded

Number of Home and Auto transactions completed online



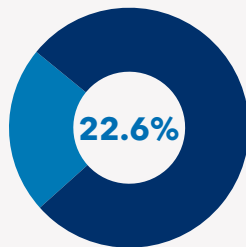
Client growth

Total client households insured



Catalyzing sustainability

Revenue from sustainable products and services



2020: 20.1%
Target: 20% by 2022
Status: exceeded

Client satisfaction

Pollara Annual Study Ranking



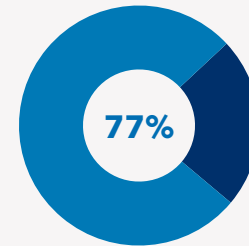
Target: Achieve a ranking of third or above for both Home and Auto
Status: achieved

Overall Net Promoter Score



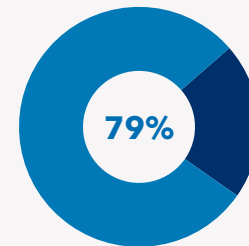
Our strong result of +20 on this scale (-100 to +100) demonstrates the willingness of clients to recommend us.

Group Benefits Client Experience Index 2020 (biennial)



2018: 78%
Target: 80% by the end of 2022
Status: on track

Credit Union Client Experience Index (biennial)



2018: 79%
Target: 80% by the end of 2022
Status: achieved

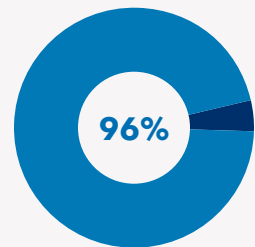
2021 strategic performance

Co-operative Identity

The ways we support and engage our members, champion the co-operative movement, and invest to improve the environmental, social and economic well-being of our communities are key to our identity.

Supporting members and co-ops

Member Engagement Score



2019: 98%
Target: 85%
Status: exceeded

Total amount contributed to co-operatives in 2021



2020: \$1.5 million
Target: \$1.5 million each year
Status: achieved

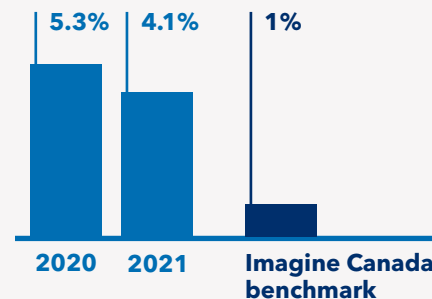
Total member and co-operative business volume



2020: \$1.18 billion
Target: \$1.39 billion by the end of 2022
Status: on track

Supporting our communities

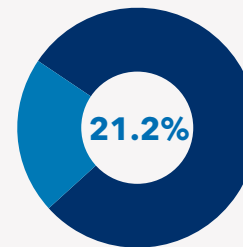
Percentage of pre-tax profit contributed to Canadian co-operatives, non-profits and charities



Target: exceed Imagine Canada's benchmark of 1% each year
Status: achieved

Investing in a sustainable, resilient future

Percentage of Co-operators invested assets in impact investing



2020: 20.8%
Target: 20% by the end of 2022
Status: above expectations

Environmental impact

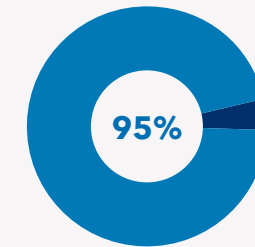
Carbon Footprint Reduction



2020: 100%
Target: maintain carbon neutrality
Status: achieved

Sustainability integration

Percentage of senior leadership with SMART goals related to sustainability or co-operative identity



2019: 94%
Target: 100% each year
Status: on track

Corporate Knights "Best 50 Corporate Citizens in Canada" Ranking



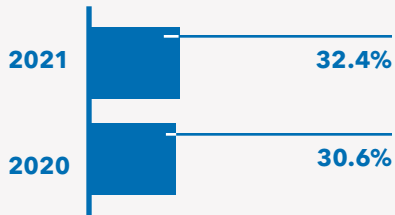
2020: #4
Target: Remain on the list
Status: achieved

2021 strategic performance

Competitiveness

The financial strength and stability of our co-operative is paramount to meeting the needs of our members and clients, investing in the resiliency and sustainability of our communities, and supporting our people.

Expense ratio for P&C operations



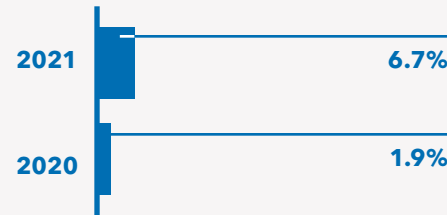
Target: at or better than the industry by the end of 2022
Status: below expectations

P&C combined ratio



Target: 98% by the end of 2022
Status: above expectations

Return on participating policyholders' (Par) equity



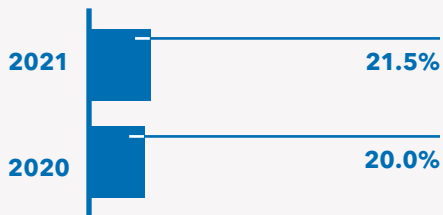
Target: 4.5% to 6.5% each year
Status: exceeded

Retail Wealth assets under management and administration



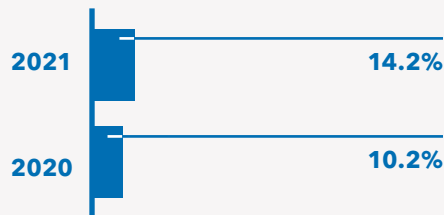
2020: \$1.91 billion
Target: \$3.0 billion by the end of 2022
Status: below expectations

Efficiency ratio for Life operations



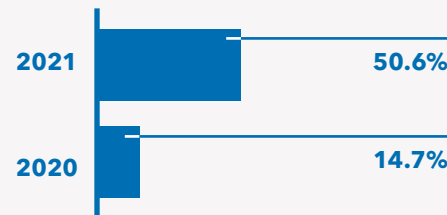
Target: 17.7% by the end of 2022
Status: below expectations

Return on members' equity



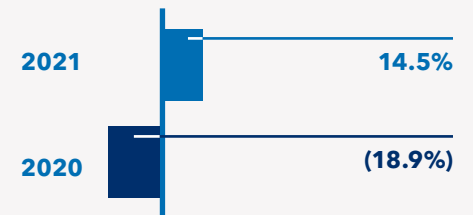
Target: 8 to 10% each year
Status: exceeded

Retail Wealth sales growth



Target: 36.4% compound annual growth rate through 2022
Status: above expectations

Individual insurance new annual premium growth



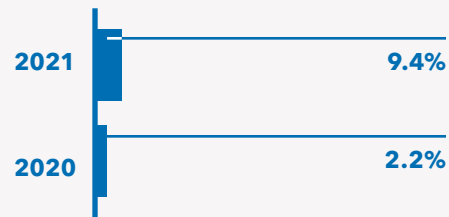
Target: 7.0% compound annual growth rate through 2022
Status: below expectations

2021 strategic performance

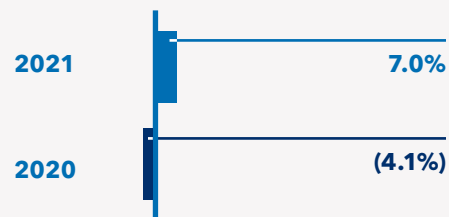
Workforce Capability

Our people are our greatest strength. They engage with our clients from coast to coast, and are essential in our ability to deliver on our strategy. By prioritizing our people, we build a strong foundation upon which they, and our co-operative, can thrive.

Revenue growth in consolidated P&C Commercial lines of business

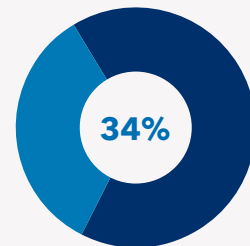


Group Benefits premium growth



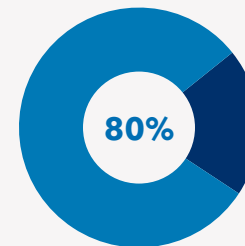
Target: 7.3% compound annual growth rate through 2022
 Status: below expectations

Representation of women in senior leadership



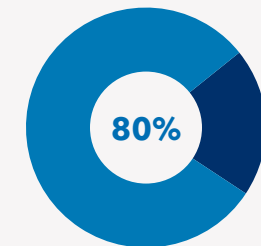
2020: 25%
 Target: 35% by the end of 2022
 Status: on track

Aggregated Employee Engagement Score



2019: 77%
 Target: maintain 80% or better each year
 Status: achieved

Mental Health index



2019: 78%

For full details on our strategic performance, including historical trend and management discussion and analysis, please see page 92.

2021 performance summary

Client Engagement

Whether we're working with individuals, families, businesses, co-operatives, credit unions or investors, we exist to provide long-lasting financial security. Through our wide range of products, advice and solutions, we help clients make informed decisions to build their resilience and well-being.





Client Engagement: Solutions and advice for Canadians

We help Canadians keep what matters safe and save for what matters.

In a rapidly changing world, we aim to meet the wide range of wealth planning, and financial security needs of our clients.



Top achievement

New suite of Life products boosted growth

Sales of newly-launched participating Whole Life insurance products contributed to a 72% increase in new annual premium from 2020 to 2021, signalling strong growth in this area of our business.



Key challenges

Reduced growth in home and auto insurance

We were faced with the challenge of decelerating portfolio growth for private passenger auto insurance, primarily due to a decline in vehicle sales and rate stability in the auto insurance market. Growth in home insurance also slowed due in part to a combined general decrease in both auto and home insurance shopping in the market.

COVID-19 impacts on Life insurance underwriting

New risks presented by COVID-19 require reassessment of how we underwrite Life insurance applicants. In some highest-risk cases, this has resulted in an inability to offer individual insurance coverage.

We offer protection in challenging times

As our communities navigate uncertainty – from the pandemic to a changing climate to technological and social transformations, our services and solutions must keep pace to meet their evolving needs.

Protecting against flood risk

Our Comprehensive Water endorsement is the only insurance coverage within Canada that offers flood coverage for all Canadians including those at the highest risk of flooding, and storm surge. Through this endorsement, we provide insurance protection for 669,035 Canadian households against one of Canada's most significant climate risks.

To help prevent losses, Comprehensive Water includes a reimbursement coverage of up to \$5,000 for costs related to protecting premises during an imminent flood warning.

Supporting Auto clients through the pandemic

We continue to offer flexible payment relief measures and temporary coverage options for clients in need. As driving behaviours shifted throughout the pandemic, we introduced additional COVID discounts in Ontario and Alberta and other measures to protect our clients from rate changes.

Enhancing our Life insurance offering

In 2021, we introduced Whole Life Protector and Whole Life Ascend, upgraded versions of our previously offered Whole Life participating products. These new products offer clients more competitive rates and features, including new short-pay versions that allow them to pay off premiums in as little as 10 years. We now enable these products to reach more Canadian clients by offering them through third-party distribution channels.

Canadians everywhere are using technology to enhance their well-being and promote healthy habits. Healthy at Home is an innovative virtual program that we launched to help our clients achieve their health and wellness goals with support and resources, at no cost.

We help Canadians build financial prosperity

In the wake of the pandemic, the financial needs of Canadians continue to evolve, and our clients are looking for guidance to ensure they are well protected today and prepared for the future. Research we've conducted shows that almost half of Canadians admit to not knowing how much they need to save for retirement, and 80% have not meaningfully accessed financial advice.

To offer all our clients, regardless of their level of wealth, a holistic solution for lasting financial security, we officially launched a Co-operators-branded mutual fund dealer, along with a new suite of mutual fund products and successfully trained and licenced 545 Mutual Fund Investment Specialists and their staff across Canada to help their clients build prosperity and plan for the future.

Our licensed Mutual Fund Investment Specialists now have access to a range of quality mutual funds with many of Canada's leading fund managers, and currently also offer Segregated Funds, Variable Rate Option and Guaranteed Rate Option Accounts, and Annuities for all our clients' wealth planning needs. These products and services enable Canadians to invest and access wealth planning and advice, regardless of their current financial status.

By the end of 2021, we had over \$2.3 billion in retail wealth assets under management and administration.

"I tell my clients that it's important to live a balanced life. That means both enjoying life today, and planning for your retirement."

Nyroze Tanious, Financial Advisor and Mutual Fund Investment Specialist, Vancouver BC



Client Engagement: Solutions and advice for business clients

We design customized solutions for Canadian organizations.

Our Commercial clients include small and large businesses, farm operations, credit unions, co-operatives and non-profit organizations. Each has a unique and varied set of needs, and we work to provide solutions for their long-term financial security.

The nature of business is changing. We're focused on our clients' emerging needs so they can focus on what matters.



Top achievement

We have accelerated our new business growth and maintained high retention of existing clients in both Commercial and Farm insurance operations.



Key challenge

In light of rising loss trends, farmers and business owners must elevate their focus on resiliency and risk management to minimize the risk of claims.

Cyber security for Canadian credit unions

We strive to be the credit union advocate for an enhanced cyber security landscape. To achieve this in our insurance and risk management program, we improved questionnaires and implemented benchmarking to understand where credit unions stand on cyber risk. We are working to develop coverage for new digital offerings, and are the only insurer committed to helping credit unions curtail online and mobile banking fraud.

Holistic financial solutions for institutional and group clients

The financial security and health and well-being of many Canadians are closely connected to the places where they work and the economy that supports our society. We're working to secure a resilient and prosperous future for our clients and all Canadians, through the Group Benefits we offer, pensions we manage, and the work we do with investors to strengthen the long-term sustainability of the Canadian economy.

Digital enhancements for our Group Benefits clients

To better serve our Group Benefits clients in an expanding digital world, we are prioritizing virtual solutions in collaboration with our strategic partners. Leveraging our partnership with Smart Employee Benefits, we launched a digital distribution program for ContinYou Golden, our health product for retirees. Through EQ Care and Telus Health, we also launched a new 24/7 virtual healthcare product across Canada to provide plan members secure access to remote health services.

Wealth management solutions for institutional and group investors

Through our asset management company, Addenda Capital, we managed over \$40.0 billion in assets of high-net-worth and institutional investors in 2021.

Addenda Capital made significant progress in its objective of gaining ground abroad by securing its largest ever U.S.-based client, who chose the firm for a customized fixed-income mandate to cover assets valued at U.S. \$250 million. Despite challenges brought by the COVID-19 pandemic, this breakthrough illustrated Addenda's efforts to extend its brand and expand its footprint in growing markets outside of Canada.

We also provided investment solutions for Group Retirement and Savings clients, with over \$3.1 billion in group wealth assets under management and administration. In 2021, we made enhancements to our online portal, adding additional tools and resources, aligned with our digital evolution strategy to provide a seamless, intuitive digital experience for our Group Retirement members.



Modernized protection and advice for businesses

We serve a wide range of businesses and engage with them through many distribution channels. Regardless of how we connect, we're focused on staying relevant to their uniquely tailored needs.

Protection against cyber-risk

With remote work and online engagement on the rise, cyber risk is a growing concern for Canadian organizations. In 2021, we added basic Privacy Breach coverage to our base policy offering for all Commercial clients. This includes access to CyberScout, a proactive and reactive consulting service, which helps clients reduce their risk and effectively respond to a privacy breach.

Risk management innovation for Canadian farmers

Our origins as a co-operative are rooted in our relationship with Canadian farmers. Today, we remain the insurance provider of choice for over 40,000 farm operations across Canada, and we continue to enhance and improve our innovative solutions.

In 2021, we formed a partnership with PrevTech Innovations Inc. and began introducing our farm clients to the benefits of this electrical monitoring technology. By adopting this risk management solution, Canadian farmers can proactively reduce the risk of an electrical anomaly that can lead to operational interruptions or fire within their farm structures.

“Our new fire detection unit has warned us of several incidents and allowed us to respond before any real damage could be done.

Knowing there is another layer of protection has added extra peace of mind.”

Tom Whytock, Co-operators farm insurance client



Client Engagement: Our Financial Advisor network

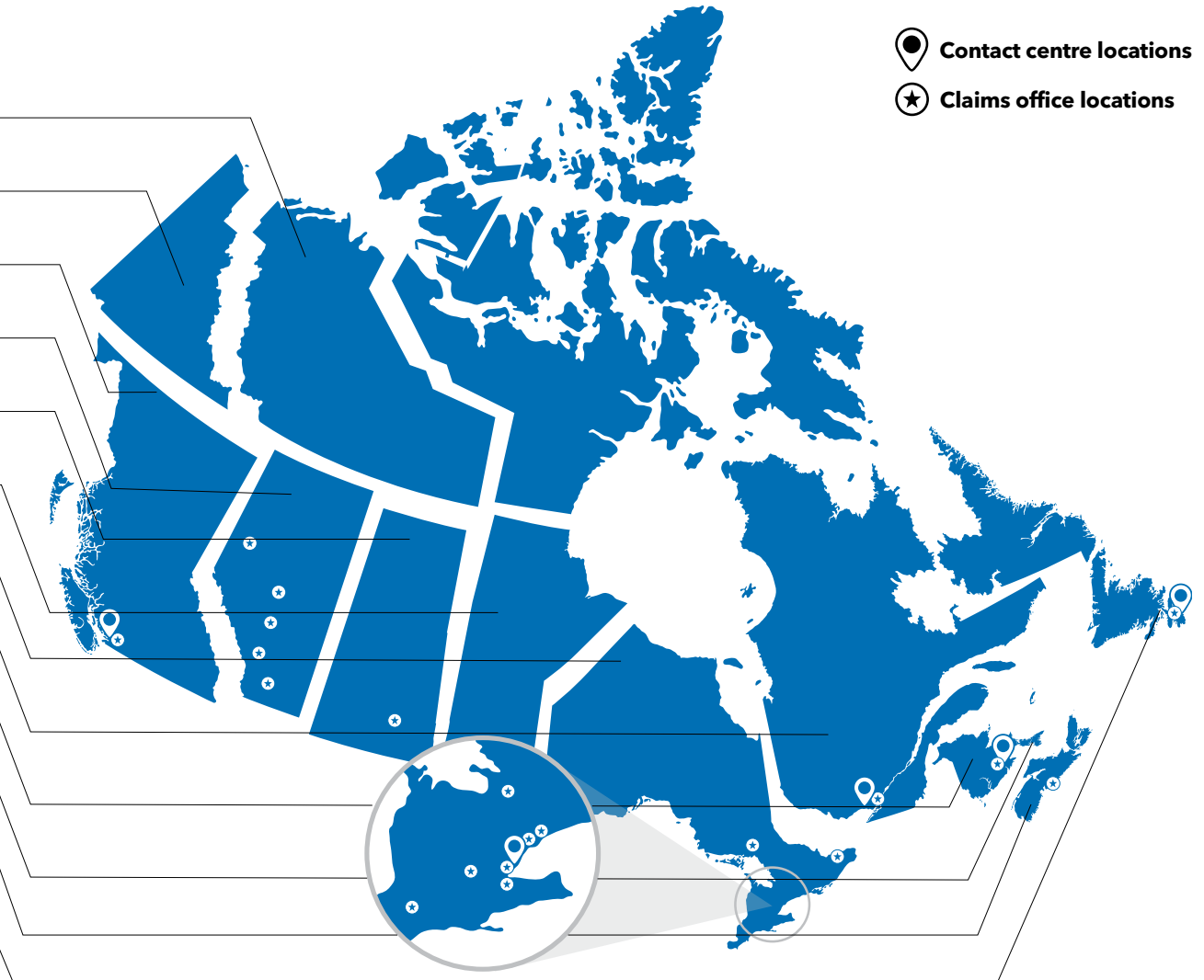
We're part of your local community.

Woven into the fabric of over 370 towns, cities and rural communities from coast to coast to coast, our Financial Advisors champion and celebrate our clients' financial success.

Number of Financial Advisors and service office locations

Northwest Territories	1
Yukon Territory	1
British Columbia	62
Alberta	126
Saskatchewan	32
Manitoba	15
Ontario	313
Quebec	21
New Brunswick	31
Prince Edward Island	9
Nova Scotia	18
Newfoundland and Labrador	20

-  **Contact centre locations**
-  **Claims office locations**



OUR STORIES

Building trusted relationships in communities across Canada

For over 75 years, Co-operators has served everyday Canadians in building financial, social and environmental resiliency. Beyond that, our Financial Advisors make a point of giving back to communities across the country, while offering honest and transparent financial advice. Our trusted, holistic approach to personalized service is designed to help people find their own answers to difficult questions, and when asked to find quick solutions, we collaborate with our clients on a comprehensive strategy that will serve them both now and long into the future.

Jessie Mann is a Financial Advisor and Mutual Fund Investment Specialist in Brampton, Ontario who was awarded a Co-operators Community Achievement Award in 2021 for her community support. For Jessie, playing an active role in her local community enables her to build trust and relationships with clients, that allow for a unique comfort in speaking about more sensitive topics such as retirement investments, while alleviating any stress or uncertainty clients might be feeling in dealing with an outsider.

According to Jessie, it's crucial for clients to work backwards in their approach, to set goals with the future in mind, and envision the lifestyle they want to achieve in order to sustain prosperity and peace of mind for their families.

"It's easier to think of the bigger picture so we can work together in finding the small paths to get there," says Jessie. "Aside from understanding your expenses and income, it's important to have a vision of what you want in your life, and plan accordingly."

"A relationship with your Financial Advisor isn't just about numbers. It's based on putting clients' best interests at the forefront to help them achieve their financial goals. This can only happen through a mutually open and honest relationship. My clients are more than members of my community. We share core values. Maintaining their investment initiatives is important to upholding that level of trust and security."

Jessie Mann (pictured), Co-operators Financial Advisor and Mutual Fund Investment Specialist, Brampton, Ontario

Client Engagement: Our digital evolution

We create intuitive digital experiences.

Our work in building online platforms to better serve our clients supports our mission to provide financial security and holistic financial services for Canadians when and where it's convenient for them.



Embracing a new era of client engagement

For over 75 years, our Financial Advisors have grown strong relationships with clients in communities across Canada, providing advice and services to protect their financial security.

Today, we are working hard to ensure that whether our clients visit us in person, reach out over the phone, or connect with us online, they are enjoying a best-in-class experience. Meeting our clients where they are is the heart of our digital strategy, which was designed to create an intuitive digital experience.

In 2021, we accelerated our ongoing work to deliver the kind of digital experience clients have come to expect from online points of interaction. We continued to improve our digital experiences throughout the year for clients with enhancements to Online Services.

We also began rolling out a new cloud-based, integrated sales platform that enables us to provide relevant and tailored support to our clients online, including enhancing these platforms to ensure they were accessible for clients living with disabilities.

Keeping client information safe and secure

With an increase in digital engagement, it's imperative that we keep clients' information secure. We continuously monitor the threat landscape, educate and train our employees and clients on cyber security, and invest in new technologies, processes and talent to ensure the information of our clients is protected. [For more details, visit cooperators.ca/PublicPages/security](https://cooperators.ca/PublicPages/security).

Building trust through privacy

With growing awareness of privacy concerns, proper collection, use and disclosure of personal information is essential. We ensure transparency and accountability by providing clear language on the purposes for processing personal information in our business operations and that employees are trained on effective privacy practices. [For more information, visit cooperators.ca/privacy](https://cooperators.ca/privacy).

“By optimizing our digital experiences, we are building the future of client engagement, one where clients can connect seamlessly with us in the ways they wish.”

Greg Elcich, Vice-President, Digital Solutions

Client Engagement: How we handle claims

We help provide financial security when times get tough.

From how we handle claims and benefits, to customer care, we keep the needs and expectations of our clients at the forefront of our decision making.

A simpler, digitized claims process

When making a claim, whether it's following an extreme weather event or being reimbursed after a dental appointment, time is of the essence. Aligned with our digital evolution strategy, we are working continuously to improve the process for clients and ensure our claims representatives and adjusters can focus on helping people effectively.

In 2021, we implemented automated reserving to claims processed across our P&C business lines. Reserving occurs when we put money aside to pay for a claim that is reported but not settled. Using predictive models and real-time analytics, our claims representatives no longer manually estimate the amount of the loss; instead, they can prioritize helping clients through the claims process, improving the experience and supporting an increasingly convenient, digital claims experience.

Supporting the circular economy through second-life auto parts

We're always looking for ways to add value to our processes and reduce our environmental impact as an organization. In partnership with technology company Solera, and their brand Audatex APU, we have streamlined access to recycled, aftermarket, reconditioned and surplus original equipment parts for vehicle repairers from a network of qualified automotive recyclers, parts distributors, dealers, and manufacturers. This innovative technology seamlessly allows staff and shops to source the right vehicle part for repairs, at the right time. This is particularly important for recycled parts. Having real-time access to the highest-quality salvage part information allows us to properly utilize them, while minimizing the environmental impact of vehicle repair and contributing to the circular economy.

Keeping our claims staff safe

We work to ensure we are equipping our employees with the tools, information and support they need to secure their health, safety and well-being. As front-line claims handlers returned to the road to serve clients in 2021, we launched measures and training programs to improve their awareness and build their confidence in preventing and responding to health and safety risks.

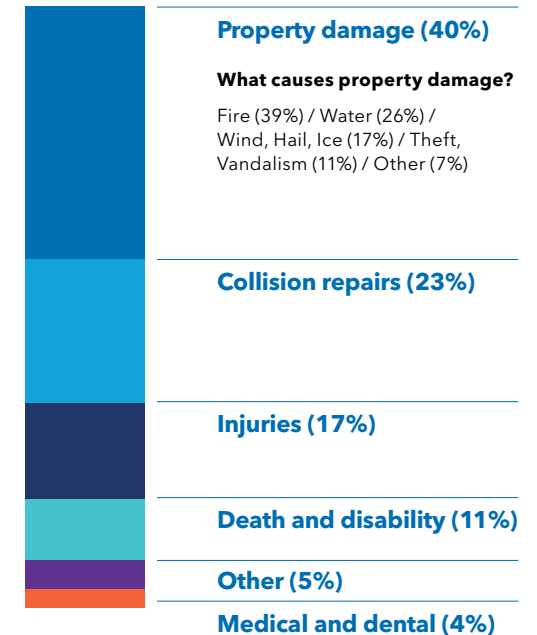
Bringing peace of mind in difficult times

Total amount paid to clients in claims and benefits in 2021

\$1.89 billion

2020: \$2.04 billion 2019: \$2.15 billion

Claims and benefits paid by type to clients in 2021



Client Engagement: Our co-operative difference

We take a community-minded approach to how we do business.

Our client commitment

Through our Claims Guarantee, our clients can contact us, identify their loss, and assess their damages and premium impacts before deciding to pursue a claim; the decision not to proceed won't affect their policy. Some exclusions may apply. [You can find full details of our Claims Guarantee at cooperators.ca/claims.](https://cooperators.ca/claims)

Our Service Review Panel empowers client volunteers to work collaboratively and determine the fairest outcome in dispute-resolution cases. We are bound by the panel's decision, but the client still has the right to pursue external avenues of appeal. The only one of its kind in Canada, this panel is an embodiment of our co-operative difference within the industry.

Embedded sustainability

We offer clients products, services and discounts that encourage and empower sustainable decision-making in our communities.

Hybrid and Electric Vehicle discount

An automatic 5% discount for clients who drive hybrid and/or electric vehicles in select provinces and territories.

Envirowise™ discount

Savings for owners of eligible Leadership in Energy and Environmental Design (LEED) certified homes.

Enviroguard™ coverage

Clients receive an additional 10% (up to \$50,000) of their claim to replace damaged or destroyed property with more eco-friendly and sustainable products, including energy efficient retrofits, sustainable building materials, and more.

[Find a full list of all products and services with a sustainability feature at cooperators.ca.](#)

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. This ensures that clients have the option of rebuilding with sustainability in mind.



Our Service Review Panel considered 37 appeals to determine if they agreed with the client, agreed with us or thought a compromise would be best. This year in all cases they agreed with the outcome that we proposed.

Community resiliency

To be prepared for the unexpected, people need to be well-informed of the risks they face.

Shining a light on climate-related risk

As the climate changes, historical trends become less predictive of the future. We use data science and technology to continuously improve how we track, monitor and model climate-related risks. In 2021, we launched the Climatic Hazards and Advanced Risk Modelling (CHARM) platform. CHARM utilizes the FireWatch tool to provide our insurance teams a view on active wildfires, as well as an interactive map to visualize the outlook of current exposures. This enables targeted, real-time decisions that include advising nearby clients of their risk.

Future-proofing Canadian homes against extreme weather

We are participants in the Implementation Working Group for Institute for Catastrophic Loss Reduction's (ICLR) Insurers Rebuild Stronger Homes (IRSH) program. This program is designed to guide ICLR member insurers in helping consumers build back better after insured loss and catastrophic events.

Following the devastating tornado that hit Barrie, Ontario in July 2021, we consulted with the city and ICLR on a tornado-protection rebate program for damaged homes. We funded hurricane roof-strapping upgrades for impacted homes and farms of our clients to ensure they were more resilient against future windstorms.

Claims stemming from hail-related events in Calgary resulted in \$500 million in damage in 2021. Co-operators has committed to support the ICLR HailSmart Program, which provides research-based recommendations on how to make homes, properties, and businesses more resilient to damage caused by hail.

In 2021, we shared the City of Calgary Resilient Roofing Rebate Program through our Financial Advisors in Calgary, to promote loss-prevention for clients in one of Canada's highest-risk regions for hailstorms.

Informing Canadians of climate related risk

Through Weather Alerts, we inform clients in advance of extreme weather events and other seasonal weather patterns that may put their property or safety at risk.

These messages help clients prepare and protect their belongings to mitigate losses and stay safe.



Climate risk awareness

Total number of Weather Alerts sent to clients across Canada

229,486

“Increasingly, we are focused on preventing losses before they occur, working in partnership with our members, clients and communities to build resiliency in the face of rapid change.”

Lisa Guglietti, Executive Vice-President, Chief Operating Officer, P&C Manufacturing

2021 performance summary

Co-operative Identity

Everything we do is guided by our co-operative identity. Through the investments we make, our community engagement, support for members and co-operatives, and in our efforts to catalyze a sustainable future, we bring our identity to life.





Co-operative Identity: Our community partnerships and investments

We partner for community resilience and well-being.

We believe that environmental resilience, social wellness and an inclusive economy provide the foundation for resilient communities and financial security.

Our partnerships support the sustainability of our communities, to ensure they are prepared and can recover with strength when challenges occur.

Community investments by the numbers

Investing in Canadian communities

Total amount contributed in community investments

\$8.3 million

Environmental resilience

2021 demonstrated the magnitude and urgency of the climate crisis in Canada, most notably in British Columbia, which was inundated with extreme heat, catastrophic flooding, widespread wildfires, and oppressive drought. Our partnerships help communities invest in environmental resilience, build risk literacy, and adapt.

For example, Canadians must be aware of their individual flood risk. In 2021, we announced a new \$500,000 multi-year commitment with flood risk awareness research group Partners for Action, through the University of Waterloo. This partnership helps reduce vulnerability in our communities through community-engaged flood risk awareness and preparedness; partnerships for adaptation; and flood-resilience planning and foresight.

We continued to help communities build local wildfire resilience, while working to mitigate risk and support Canadians in taking action to prevent future losses. As a founding member of Wildfire Community Preparedness Day, we continued to work with FireSmart Canada, the National Fire Protection Association, as well as the Institute for Catastrophic Loss Reduction (ICLR) and various provinces and territories. In total, we distributed \$90,000 in stipends to 180 communities from coast to coast to coast toward community-led projects that reduced vulnerability to wildland fire.

Social wellness

Supporting the mental health of young Canadians has been increasingly critical to their well-being throughout the course of the pandemic. In 2021, building on our existing contributions as a founding partner of the Crisis Text Line powered by Kids Help Phone, we became a founding contributor of Kids Help Phone's Peer Support program, which was developed to meet the need for a barrier-free, peer-to-peer support service available nationally for youth with 24/7 clinical moderation.

Investing in the social wellness of the communities where we work is also important to us. In 2021 we concluded a five-year \$250,000 commitment to the Foundation of Guelph General Hospital to support the creation of the Co-operators Short Stay Assessment Unit, which will see emergency mental health care capacity increase by 50% in the local community of our corporate headquarters.

OUR STORIES

Addressing water challenges in Indigenous communities



Canadian charitable organization Water First Education & Training Inc. works with Indigenous communities through education, training and meaningful collaboration, in an effort to tackle water issues.

In 2021, CCF established a three-year funding partnership with Water First to help in the delivery of their Internship Program, which provides water treatment technical skills and hands-on work experience for Indigenous youth.

“My biggest accomplishment at the end of the day is making sure that my people are safe.”

Hunter Edison (pictured top-left), Water First Intern

Inclusive economy

We’re committed to building a more inclusive economy by supporting young, marginalized Canadians and people with mental health challenges as they build their financial security. Through Co-operators Community Funds (CCF), grants totalling \$757,000 were disbursed in 2021 to 36 organizations in support of this effort.

As an additional initiative of CCF, Pathways to Employability was launched in 2020 to provide life skills training and employment reskilling opportunities for marginalized youth in the wake of COVID-19. The first initiative funded through this program was #ImpactCOVID: Road to Recovery Project, in partnership with the Canadian Council for Youth Prosperity (CCYP). Seventy-seven youth worked together to develop the “2021 Road to Recovery Report”, which was presented at a CCYP National Youth Summit. In addition to their youth-led-recovery plan, CCYP developed a youth engagement toolkit and advised with community services providers and small business employers to implement these resources to find, hire, train and retain youth.

Since 2020, Pathways to Employability has provided over \$650,000 in programmatic funding for 10 new partnerships that support post-pandemic recovery of young Canadians, with an additional \$1 million in dedicated funding into 2022.

[Learn more about all CCF programs and their impacts in the CCF Annual Report at cooperators.ca.](#)

Community investments by the numbers

Co-operators Community Funds

Total amount disbursed to communities through Co-operators Community Funds (CCF)

\$757,000

Total disbursed through CCF’s Pathways to Employability initiative

\$535,000

Co-operative Identity: Supporting our members and the co-operative movement

We are champions of a co-operative society.

There is resilience in co-operation. When faced with significant challenges, a strong co-operative sector works together across differences in pursuit of a common goal to build a better future.

Complex challenges require collaborative solutions.

The co-operative business model is well-positioned to lead.



Top achievement

We delivered \$28.7 million to our members through our Member Loyalty Program, which represents the largest amount in The Co-operators history. This annual payout is based largely on member business conducted with our organization.



Key challenges

The overall home and auto insurance markets shrunk in 2021, making it difficult to grow the Member Benefits Program.

Bringing benefits to members of Canadian co-ops

Across Canada, co-operative organizations have been working for generations to support our communities. These co-operatives provide food, housing, goods, services, and financial solutions for Canadians, and protect the rights of Canadian co-operative workers.

We are governed by 46 member organizations and work together to provide broad benefits to our members, clients and communities. Subject to the approval of our Board of Directors, we provide an annual payout to member organizations through our Member Loyalty Program, which is based largely on member business conducted with our company. In 2021, we delivered \$28.7 million to members, reflecting the mutual benefits of our co-operative relationship.

To further support the co-operative movement, our Member Benefits Program allows member organizations to provide their members with access to personalized insurance coverage and savings. In 2021, this program provided benefits to 156,551 households across Canada.

Enhancing the experience of our members

Through the relationships we hold with our member organizations, not only do we better understand their needs, but we also gain valuable community insights and unique perspectives embedded in communities across Canada.

The pandemic has presented challenges in building in-person relationships, but we've worked to ensure that our members can still connect with each other and with us.

Through our 2021 virtual Member Experience Summit, webinars, and virtual meetings, our members were able to network, build skills and share information on key topics like impact investing, mental health, digital transformation, and challenges and opportunities presented by a post-COVID world.

OUR STORIES

Supporting Canadian co-op workers



The Canadian Worker Co-op Federation (CWCF) have been a Co-operators member organization since 2007. Strengthened, in part, through a mutually beneficial relationship gained as a Co-operators member, they are working in solidarity to animate the worker co-operative movement, and promote the co-operative economy in times of change.

“As a member of Co-operators, CWCF has benefited in many ways, from access to member- and co-op-specific financial solutions, to the Member Benefits Program, to gaining access to grants that enable us to continue meeting the needs of co-op workers across Canada.”

Hazel Corcoran, Executive Director, CWCF and Member of The Co-operators Board of Directors

Supporting co-ops in Canada and globally

In 2021, we contributed \$1.6 million to the ongoing development and advancement of the Canadian co-operative sector.

As part of this support, we contributed \$500,000 through our Co-operative Development Program (CDP), to 29 emerging and expanding Canadian co-operatives. This represents the largest amount ever granted through the CDP.

Our support for co-operatives extends beyond local borders. To assist with COVID-related needs of rural communities in India, where the pandemic has devastated low-income populations, Co-operators has pledged U.S. \$200,000 over two years to support low-income communities, working in partnership with the Canadian Association of Mutual Insurance Companies, the International Cooperative and Mutual Insurance Federation Foundation, and the DHAN Foundation in India.

Inspiring the next generation of co-op leaders

As part of our Pathways to Employability initiative of Co-operators Community Funds (see page 31), we launched the Co-operators Young Leaders Award in 2021. This development and award program recognizes young changemakers from 18 to 35 who are involved in the co-operatives and mutuals sector in Canada. This award was created in collaboration with Co-operatives and Mutuals Canada (CMC) and aims to support young Canadians who have been identified as future leaders of the co-operative sector.

Co-operative Identity: Co-operators in the community

We're inspired by our people and how they care for their communities.

Every year, our employees and Financial Advisors support their local communities through volunteering, donations and community involvement. Through paid volunteer days, awards and annual giving campaigns, we help our people give back.

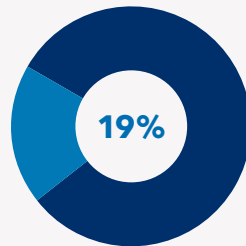
Supporting our communities

Total contributed in community relief* following catastrophic flooding in British Columbia



*Canadian Red Cross and BC Agriculture Council

Percentage of employees that used a portion of their paid volunteer days in 2021



Total volunteer hours tracked



Volunteering in our communities

Total equivalent salary to support employee volunteering



Number of employee volunteers who participated in our annual Apple Day



Number of employee volunteers who supported Enactus Youth mental wellness partnership



United Way Annual Giving Campaign

Total employee contribution



Total Co-operators contribution



"Not only does volunteering enable me to help maintain our co-operative identity and give back to our communities, it provides a sense of achievement knowing that I've had a positive impact."

Tracey Roy, Co-operators volunteer

Co-operative Identity: Advocacy and climate action

We catalyze action for a sustainable society.

To ensure our communities remain resilient, there are broad and significant transitions that our society and industry must make. While the road ahead is uncertain, we are focused on fostering a smooth transition to a better future.

By taking action to mitigate climate change and investing in climate resilience, we can help secure a better future.

Supporting UN-convened climate action

As part of our ongoing work with the United Nations Principles for Sustainable Insurance (PSI), Co-operators became the first Canadian insurer and second Canadian organization to join the UN-convened Net-Zero Asset Owner Alliance, an international group of institutional investors who are working to transition investment portfolios to net zero emissions by 2050 or sooner. Following this, our asset management company, Addenda Capital, signed on to the Net Zero Asset Managers Initiative, a global movement of financial institutions managed by six international investor networks.

Confronting climate risk with the Bank of Canada

Working in partnership with The Bank of Canada, the Office of the Superintendent of Financial Institutions (OSFI), and a small group of Canadian financial institutions, we joined a pilot project to use climate-change scenarios to better understand the risks to the financial system related to a transition to a low-carbon economy. Through climate scenario analysis, this work aims to enhance the understanding, disclosure, governance and management of climate-related risks. [You can learn more about this initiative in our TCFD report at \[cooperators.ca/reports\]\(https://cooperators.ca/reports\).](https://cooperators.ca/reports)

Catalyzing climate adaptation

We joined Climate Proof Canada in 2021, which successfully advocated the federal government for commitments on key recommendations to finalize Canada's adaptation strategy; create a climate adaptation home rating program; implement the national action plan on flooding; and expand home and commercial retrofit programs to include greater climate resilience measures.

Advocating for sustainable finance

Through Canada's Sustainable Finance Action Council, we're working with public and private sectors to support the growth of a strong, well-functioning, sustainable financial market. Under the leadership of former Co-operators CEO, Kathy Bardswick, we are providing counsel alongside other Canadian banks and pension funds to mobilize capital to ensure Canada meets its 2030 emissions targets.

We continued our ongoing participation in the Prince of Wales's Accounting for Sustainability (A4S) Project, a network of Chief Financial Officers (CFOs) driving a fundamental shift toward a more sustainable economy. Throughout the year, we collaborated with other A4S CFOs and finance teams to engage their board and executive management teams on sustainability as a key driver of value.



Co-operative Identity: Environmental impact

We're committed to a net zero future.

The global scientific consensus overwhelmingly calls for companies and governments alike to eliminate emissions to avoid catastrophic climate change. At Co-operators, we have mapped our journey to net zero.

Beyond carbon neutral

We achieved our target of becoming net carbon neutral equivalent in 2020, offsetting 100% of our emissions from 2010 baseline levels. In 2021, we took these targets further, announcing our commitments to become net zero in our operations and investments within mid-century timeframes as recommended by the Intergovernmental Panel on Climate Change. To demonstrate progress toward these goals, we have set interim targets and milestones that will hold us to account.

Energy consumption relative to our total income (gigajoules / \$1 million)*

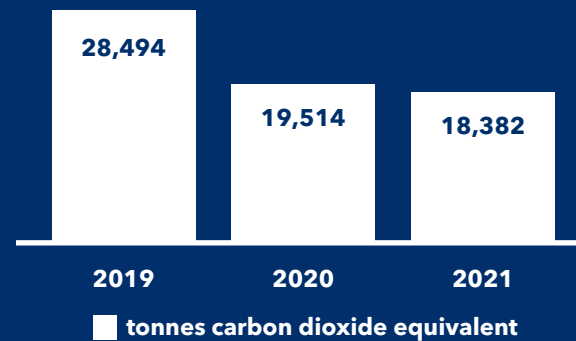
21 gigajoules / \$1 million

2020: 22 gigajoules / \$1 million
2019: 25 gigajoules / \$1 million

Net zero operations by 2040

We will reduce the emissions of our operations by 45% by 2030 and achieve net zero by no later than 2040. This includes both direct emissions (Scope one) and indirect emissions (Scopes two and three), including emissions resulting from corporate offices, Financial Advisor offices, fleet vehicles, and business travel. As of 2021 we will also track emissions from employee commuting and working from home, Information Technology assets and services.

Operational carbon emissions*



Net zero investments by 2050

By 2026, we will reduce the emissions of our investments by 20% (including public equities and publicly-traded bond portfolios). By no later than 2050, our entire investment portfolio will be net zero. Along the way, we will set new interim targets every four years and disclose our progress toward these goals at least annually.

In addition, our institutional asset manager, Addenda Capital set a target to ensure all assets under management will be net zero by 2050 or sooner.

2021 financed emissions (carbon footprint) of Co operators listed equity and corporate bond portfolios*

369,645 tonnes of carbon dioxide equivalent

2020: 366,888 tonnes of carbon dioxide equivalent
2019: 311,432 tonnes of carbon dioxide equivalent

*Results for energy consumption and operational carbon emissions have been restated to align with our new boundary. For more on how we calculate our energy use and carbon footprints, see our Supplementary Disclosures at cooperators.ca/reports.

Interview

An interconnected understanding of climate risk.

Climate change impacts all areas of our business. We spoke to representatives from our finance, sustainability, risk, and actuarial departments on the importance of breaking down silos.

Why account for climate risk in our strategies and business decisions?

Chad Park: Our whole reason for being is to enhance the financial security for Canadians and their communities. Climate change creates real risks to that. If we're going to meet our mission long into the future, we need to be tackling this in a significant and integrated way.

Lesley Christodoulou: Chad makes a great point. I'd add that our co-operative roots guide us to make business decisions based on shared values. In the case of climate risk, it's a recognition that we need to balance profitability with the long-term needs of our clients and their communities.

Apundee Lamba: Climate risk is one of the top risks globally. It is crucial that we understand the risks, challenges, and identify ways to adapt. This is only possible if we are taking a holistic view of this risk and not isolating in our own silos.

Andrew Yorke: I agree with the others: our client's financial security is at the forefront of all that we do—we need to be a leader in understanding this risk to follow through on our mission.

How has collaboration helped Co-operators manage climate risk?

Andrew: We've established regular cross-company touchpoints and forums on this topic which have allowed us to develop a holistic view of the risk and what we need to do about it. Each of us brings a valuable and different perspective from our various disciplines.

Lesley: Finance has an important seat at the table. Just as our financial results reflect how our organization is performing financially, climate-related financial disclosures provide a lens into our strategic approach, the risks and exposures we face, and the impact of our initiatives. It's inherently connected to our financial success.

Apundee: Absolutely. We also collaborate with external organizations on a regular basis to share and learn from the collective experience, from industry associations, academia and our reinsurers.

What are the most significant barriers you face?

Chad: Our industry is good at using data to understand risk, but it tends to be data from the past. With climate change, we need to look forward and can't rely on past data to project the future.

Apundee: I think Chad should be an actuary as he is describing the nature of my work very well. Jokes aside, one of the biggest barriers tends to be deciding where to begin as the impact of climate risk is significant and far reaching. It is important to start, collaborate, learn and repeat. This will allow us to gather momentum to overcome the barriers.

Lesley: I absolutely agree. There is also considerable opportunity to align measurement methodologies and scenarios. That way climate risk assessments across companies are transparent, consistent and comparable.

Andrew: Evidence of climate change isn't always obvious in our daily activities. This impacts market demand and political priorities, and so historically at least, gaining the required momentum has been a challenge. This does appear to be changing, however.

What are the greatest opportunities?

Chad: I see a great opportunity to translate the experience we've gained with sustainable investing, in particular, into products and services for our clients—so that we can help our clients become sustainable investors as well. This is a big way for people to be part of the solution in tackling climate change.

Andrew: We really seem to be on the cusp of transformation on this topic. The good thing is, we got out of the gate early with our impact investing program and we have many exciting new investment programs and initiatives underway to push the Canadian economy in the right direction.

Apundee: Addressing climate risk will require investments in new industries that will help the transition to net zero. This is an opportunity for society as the new industries will have a positive economic impact while addressing climate risks.

Lesley: We can share our journey and continue to be a catalyst in this space. Partnering with other organizations will also help the collective industry and economy at large take action to move the dial. We all need to be successful in this journey to net zero—the world depends on it.



Chad Park
Vice-President,
Sustainability & Citizenship

“We can help our clients become sustainable investors, to be part of the solution in tackling climate change.”



Lesley Christodoulou
Vice-President,
Corporate Finance Services

“We all need to be successful in this journey to net zero... the world depends on it.”



Apundeep Lamba
Vice-President,
Corporate Actuarial
and Reinsurance

“Addressing climate risk will require investments in new industries that will help the transition to net zero.”



Andrew Yorke
Vice-President,
Enterprise Risk Management
and Chief Risk Officer

“We are on the cusp of transformation on this topic... to help push the Canadian economy in the right direction.”

Co-operative Identity: Impact investing and sustainable investing

We're investing in the transition to a sustainable, resilient economy.

We put our financial weight behind projects, initiatives and funds that support and enable a sustainable future.

There is vast financial opportunity in prioritizing environmental sustainability, social well-being and resiliency. We will secure our long-term financial strength by supporting the transition to sustainability.

Sustainable Investing Approaches

1. Advocacy for sustainable financial markets
2. Applying an ESG lens on all investments
3. Stewardship and active ownership
4. Impact investing

Climate transition investment solutions

Addenda Capital launched the Addenda Climate Transition Canadian Equity Pooled Fund and the Addenda Climate Transition International Equity Pooled Fund in May 2021. Both were funded with \$50 million each from Co-operators. Among the first of their kind in Canada, these funds will invest in stocks of public companies that have mapped their road to transition toward net zero. Addenda will also engage regularly with these companies to encourage them in increasing their ambition and achieving their carbon objectives. To further support this, Addenda was a founding participant of Climate Engagement Canada in 2021, which works with issuers and investors in promoting a just transition to a net zero economy.

Expanding Canada's fixed income impact investing market

Addenda launched Canada's first Impact Fixed Income Pooled Fund to catalyze impact investing across the country. In 2021, this fund has \$207 million in assets and continues to grow. The fund invests in securities financing initiatives supporting climate change solutions, health and wellness, education and community development.

"Increasingly, companies are engaged in reducing emissions and developing climate solutions. I'm optimistic that by supporting those companies that are sincere about transitioning to net zero, we will have great outcomes."

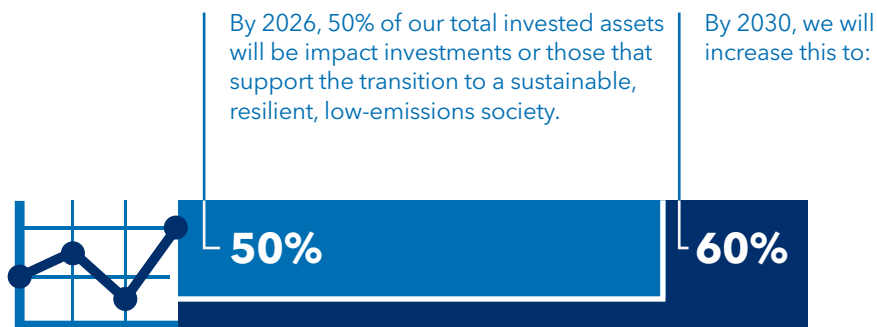
Kim Chafee, Vice-President and Co-Head, Canadian Equities, Addenda Capital

A proven track record of impact investing

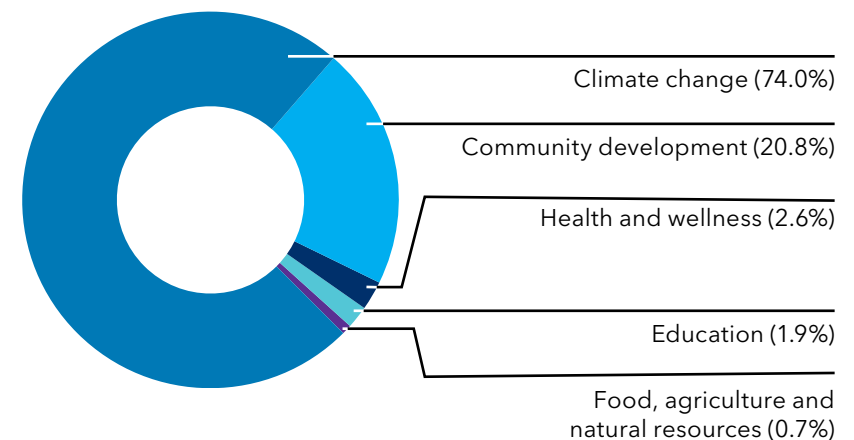
In 2021, we invested 21.2% (\$2.64 billion) of our total portfolio into impact investments that measurably address the world's pressing environmental and social issues, exceeding our 2022 target.

Relative to our industry, Co-operators is at the leading edge of impact investing, and we're committed to going further. In 2021, we were recognized by Environmental Finance for our efforts, winning the IMPACT Award for the world's top impact investor among insurers.

Going beyond our impact investing target



Impact investments by theme



Co-operative Identity: Impact investing

We count on the positive impact of our investments.

Through impact investing, we are helping to secure the long-term financial security and resilience of our co-operative and our stakeholders, as these investments de-risk our economy and our communities through cleaner energy systems, resilient infrastructure, affordable housing, mental health supports and more. Our investments are focused on five impact themes: climate change, community development, health and wellness, education, and food, agriculture and natural resources.



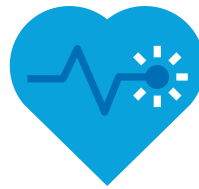
Climate change

237 million MWh of renewable energy generated, which is equal to powering over 9 million homes for one year.



Community development

Invested in credit unions that paid \$357.9 million in patronage and dividends to members.



Health and wellness

Invested in housing projects that provided 518 units of affordable housing.



Education

Invested in post-secondary institutions that conferred 86,675 degrees.



Food, agriculture and natural resources

Invested in companies that purchased \$6.97 million of Canadian organic produce.

Impact investing spotlights

National Bank of Canada Sustainability Bond

Themes: Climate Change and Community Development

Focus Area:

Renewable energy, affordable housing

Amount invested:

\$8.6 million

Impact metric:

Future metrics may include MWh renewable energy produced onsite, tonnes of CO2e GHGs avoided, number of affordable housing units*

Hamilton Health Sciences

Themes: Health and Wellness

Focus Area:

Hospitals

Amount invested:

\$12.6 million

Impact metric:

In 2019, 25,500 cancer patients treated; \$185 million spent on research*

*The impacts we measure do not result solely from Co-operators 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 2020 unless otherwise stated.

A close-up photograph of a man and a woman smiling. The man, on the left, has a beard and is wearing a blue patterned shirt and a dark cap. The woman, on the right, has curly hair and is also wearing a blue patterned shirt. They are both looking towards the right of the frame.

“The opportunity to make selective investments having a positive impact in the world, is highly motivating.”

Selby Xavier, Principal, Private Market and Impact Investments,
Addenda Capital

2021 performance summary

Competitiveness

At Co-operators, we pursue profit with a social purpose. Enabled by our solid financial foundation and capital position, we have repositioned ourselves in the marketplace as a provider of holistic financial services and advice, designing solutions that move Canadians towards a more resilient, sustainable future.



Competitiveness: Financial performance

2021 financial performance.

It was a year of transformation at Co-operators. But through it all, we maintained a strong financial position. This continued prosperity allows us to deliver on those elements of our strategy that keep us both competitive and relevant to our members, clients and communities.

Our financial strength enables us to make decisions for the sustainability of future generations, while persevering through times of volatility.

We held firm on our strong financial position in 2021, through a year of significant change and transformation at Co-operators.

Our financial strength enables us to make decisions for the sustainability of future generations, while persevering through times of volatility. Our net income results improved relative to 2020, largely a result of our continued focus on improved P&C underwriting performance, as well as generally favourable economic conditions. This continued prosperity allows us to deliver on the elements of our strategy that keep us both competitive and relevant to our members, clients and communities.

Following the emergence of the COVID-19 crisis and the deepest and shortest recession in post-war history, the economic recovery that began in late 2020 continued into 2021. Global equity markets posted strong growth while the yield curve increased and steepened. While the rising yield curve and its impact on the valuation of our bond portfolio skews our investment gains on our income statement, we continue to benefit from sustained investment income as interest and dividend income increased over the prior year. We also benefitted from strength in equity markets as we posted negligible impairment losses.

Continued efforts to drive sustainable underwriting growth drove our positive P&C results this year. Our loss ratio improved in the Auto, Commercial and Travel lines of business with minor upticks in Home and Farm. We continue to experience lower claims frequency across all lines of business except Farm, in part due to COVID-19 and societal changes resulting from public health measures. We experienced solid top line growth across all core lines of business, mainly driven by meaningful rate setting and to a lesser extent, policy and client growth.

Climate events persisted in 2021 with almost half of our major event losses coming from the catastrophic floods in British Columbia late in the year. Climate change continues to significantly challenge our operations; maintaining our strong financial position will be key to managing this increased risk and uncertainty over the long-term. Our Life results reflect the impact of significant reserve strengthening again in 2021. Overall results were also challenged by our acceleration of spend on strategic initiatives this year, as we set ourselves up for future success. Our re-brand in late 2021, the first in over four decades, marks our evolution beyond insurance to holistic financial services.

Looking ahead, we expect further transformation and continue to face uncertainty on all fronts, including market volatility and the threat of more climate-related events. We remain steadfast in our mission to provide financial security for Canadians and are committed to optimizing our financial performance to ensure we can do so for years to come.

2021 balance sheet summary

Our overall and regulatory capital positions remain strong, as total assets grew 9.2% and our total equity grew 16%. With our financial strength, we are well-equipped to navigate continued uncertainty ahead while providing financial security for our members and clients.



2021 income statement overview

Further improvement in our Property & Casualty loss ratio drove the increase of our bottom-line results compared to 2020. This was partially offset by our Life operations' results, as strengthening of lapse assumptions led to increased reserves.



“Our capital position remains exceptionally strong. This is vital as we head into another year of economic uncertainty, to ensure we are positioned to meet the needs of our members, clients and communities.”

Karen Higgins, Executive Vice-President, Finance and Chief Financial Officer

Interview: Introducing a new brand

A new era of financial solutions.

In 2021, we unveiled a new retail Co-operators brand to cement our position as a holistic financial services organization providing guidance in all aspects of our clients' financial security—from investments to insurance to future success planning. For our chief digital and marketing officer, Emmie Fukuchi, the rebrand is the natural extension of our purpose, and a key piece of our competitiveness.

What inspired Co-operators to rebrand?

Emmie Fukuchi: We have shifted our offering beyond insurance to holistic financial services because we want to not just protect what Canadians have today but prepare them for tomorrow.

For over 75 years, we've earned a strong reputation for protecting clients through our insurance products. Now, we're also excited to be providing Canadians with holistic, personalized plans that help them feel confident about the future. Our new logo and tagline reflect this: *Investing in your future. Together.*

Why now?

Emmie: While the pandemic has dramatically changed how organizations set priorities and do business, our rebrand was part of a journey that was already underway. We know that many Canadians simply don't have access to the wealth-planning advice they need to navigate the increasing uncertainty ahead. In a survey conducted with Angus Reid, we found that 55% of Canadians feel they need to revisit their financial plans.

Our newly launched Wealth products and services focus on providing uniquely tailored advice that meets the varied needs of our clients—varied across ages, geographies, and financial situations. Our rebrand is a signal of this transformation.

What has changed in this rebrand?

Emmie: A new logo, tagline and creative platform will help us reflect our brand shift, alongside our increased focus on investment advice and solutions—all personalized to our clients' holistic financial needs.

What is not changing is our same trusted service around our complete suite of insurance products.

Clients will continue to receive the reliable, empathetic, future-forward, and judgement-free service they have come to expect from us—but now, it will be from a holistic financial services perspective—including investments, insurance and future planning.



Pictured above: frames from our brand TV launch ad campaign.

“Our values remain the same. Who we are and the principles on which we were founded will not change.”

Emmie Fukuchi, Executive Vice-President, Chief Digital and Marketing Officer



Pictured above: rink board, launch posters, billboard, social media, advisor office signage, business cards, website, and tent card.

A young girl wearing a straw hat and sunglasses sits in a stroller, reaching out to touch the nose of a dog sitting on a picnic table. The scene is set outdoors with a blue fence in the background.

Our financial advice and solutions are designed for all Canadians, regardless of their level of wealth.

Competitiveness: Wealth products and services

We're building prosperity for Canadians.

Equipped with new mutual fund products and a fast-growing network of licensed Mutual Fund Investment Specialists, we are transforming our business with a goal of becoming the one-stop-shop to meet clients' financial needs.

Bringing our new brand to life

Our strategic efforts to bring holistic wealth planning and advice to clients began in earnest pre-pandemic, and we registered as a member of the Mutual Funds Dealer Association (MFDA) of Canada through the launch of Co-operators Financial Investment Services (CFIS) in 2020. Gaining MFDA status has enabled us to increase our focus on wealth planning solutions, while expanding our wealth offering and support tools for clients. In 2021, we officially launched our new brand to the public through a Canada-wide media and marketing campaign.

Training and field support for our Mutual Fund Investment Specialists and their staff in wealth management began in 2019, including registration and training requirements as specified by the MFDA. Beyond studying for, and attaining industry licensing, each Financial Advisor has undergone scrutiny and approval from their respective provincial regulators. Mutual Fund Investment Specialists have also completed our in-house wealth proficiency training and have access to continuing education through industry sources, including robust curriculums provided by our fund companies, engaging in industry certifications, and are working closely with their support staff to ensure they are ready to support clients in this area.

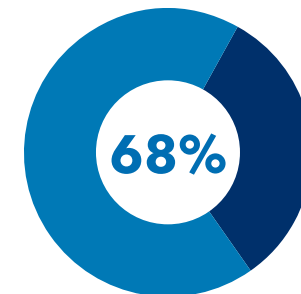
Enhancing our clients' future success

In addition to Segregated Funds, Variable Rate and Guaranteed Rate Option Accounts, and Annuities, Co-operators now offers mutual funds. Our growth in this space ensures we can continue to meet our clients' wide-ranging financial services needs. Our Mutual Fund Investment Specialists have access to a range of quality funds with many of Canada's leading fund managers—including AGF, CI Investments, Dynamic Funds, Fidelity Canada, Franklin Templeton, Invesco Canada, Mackenzie Investments and NEI Investments.

One of the guiding principles in our wealth expansion journey has been to ensure our products, services and advice would benefit any client, regardless of their level of wealth. Through CFIS, there are no account minimums aside from the small minimums required to invest in certain mutual funds, which means all Canadians can invest and access wealth planning and advice, regardless of their current financial status.

Growing our wealth planning expertise

Proportion of agencies that are actively selling mutual funds



Total wealth-related deposits (retail)

\$500.5 million

Competitiveness: How we're transforming our business

We continuously improve to better serve our clients.

By ensuring that our business is efficient, effective and competitive, we can ensure that we have the financial strength, stability and focus to meet the needs of our wide range of clients.

To stay competitive in a world of rapid change, we find ways to hone our processes and re-imagine our business models.



Top achievement

Our Commercial revenue growth was more than double our plan amount in 2021.



Key challenges

The pandemic presented unique challenges for business owners in Canada. Many were impacted financially and all had to adapt their models to align with necessary safety protocols, changing restrictions and new regulations.

Meeting the needs of Canadian business clients

From the outset of our four-year strategy, we've been working to carve out a leadership role in the small-to-medium-sized commercial-property insurance market. This is a key aspect of our journey to expand the specialized, advice-based products and services we offer.

The commercial market is a complex and fast-changing landscape, especially in the context of the pandemic. Our teams have closely collaborated to evaluate emerging risks and growth opportunities, helping us manage new and unfamiliar market conditions.

In 2021, we achieved an important growth milestone in our strategy: surpassing 100,000 Commercial policies through our Financial Advisor network, thereby increasing our presence in Canadian communities. This demonstrates our progress toward our strategic objective of becoming a leader in Commercial insurance.

Sharpening profitability through underwriting transformation

To ensure that we remain efficient, effective and competitive over the long term, we have embarked on a series of transformations to our underwriting process. As the core function of our business, the underwriting process covers everything from how we identify and analyze risks, to how we secure and manage them within our systems.

In 2021, we enhanced the ways that we use data and analytics in assessing risk. Using the new Risk Assist platform for Home and Auto lines of business, we now pair historical data with advanced analytics to develop insights. This helps us maintain the right mix of business within our portfolios, achieve our loss-ratio targets and fine tune our sales efforts for profitability.

Competitiveness: Forging strategic partnerships

We see co-operation as a competitive advantage.

As complex and rapid changes continue to disrupt industries and societies, those who collaborate effectively can stay on the leading edge. Strategic partnerships open us up to insights, information and expertise that help us meet the evolving needs of our stakeholders.

Our broker partnerships serve a growing diversity of commercial clients

Given the wide range of clients we serve, along with the diversity of products, services and solutions we offer, it's critical that we reach clients in the ways that work best for them.

Through Sovereign Insurance, our commercial subsidiary, we employ a diversified distribution strategy that offers Canadian businesses more opportunity to protect themselves.

Our distribution channels include independent brokers and Managing General Agents (MGAs). And, to support our mutual success, we're committed to partnerships for the long-term; we strive to build deep, meaningful relationships that will help us grow and scale our respective businesses. All while, most importantly, growing and protecting the businesses of our clients.

OUR STORIES

Working together to support Canadian businesses



We partner with independent brokers and MGAs to meet the needs of an array of businesses, at a time when uncertainty and rapid change is impacting all niches in our economy. We understand that specialized businesses face unique challenges, and through the deep relationships we've built with our partners, we leverage one another's strengths to develop compelling and relevant solutions that meet their specific needs.

"The team at Sovereign Insurance offers our underwriting managers consistency, efficiency and true collaboration. Working together in real time, we strive to make balanced and well-reasoned decisions that create lasting value for our stakeholders."

Jeff Somerville, Managing Director,
Strategic Underwriting Managers Inc.

2021 performance summary

Workforce Capability

Our people are at the heart of our co-operative. And we've based our workplace culture on creating conditions that prioritize health, well-being and development. With that, we can maintain the rich foundation from which our co-operative thrives.



Workforce Capability: The future of work

We're reimagining how we work.

The pandemic changed how we work and how we think about the workplace and the culture it fosters. We're building on the opportunities presented by this pivotal moment to become more flexible, collaborative, and inclusive in the ways we work.

The pandemic accelerated a shift away from traditional ways of working.

By embracing flexibility, we can work smarter, not harder.

Achieving high performance through adaptability

Nurturing a high-performance work culture means transforming alongside trends in the world around us. Our ability to be a high-performing co-operative is dependent on our people and the ways that we support them.

In 2021, we worked with employees and external consultants to define the characteristics required for our organization to be high performing. Recommendations that came out of this consultation included the need to: focus on leadership and culture; build better and more-efficient management systems; and improve our talent engine to ensure that we are retaining and attracting top, diverse talent.

A flexible approach to where we work

Workplaces are environments where culture can thrive, where employees can socialize and connect, and where we all deepen our commitment to the work we do. Fostering a positive, resilient and high-performing workplace culture—across remote-based, hybrid and office-based spaces—is one of our top priorities.

Since mid-March of 2020, roughly 90% of our workforce maintained a remote-work posture. In 2022 and beyond, we will embrace multiple work models to accurately align with the work being done. The majority of our employees will have the opportunity to split their time between in-office and remote settings.

To ensure that employees returning to the office are kept healthy and safe, rigorous COVID-19 protocols are in place. This includes the requirement that all employees entering a company office or in a public-facing role are to be fully vaccinated, with a completed attestation to this fact. Our policy also extends to onsite vendors, contractors and other third parties. That said, we recognize our duty to accommodate those who are unable to be fully vaccinated, due to a medical reason or based on a disability or other protected ground. All employees can submit exemption requests for alternative work arrangements.

OUR STORIES

Setting our people up for success

The workplace of the future will be a dynamic environment that suits the mutual needs of our people and businesses. It should be optimized to encourage collaboration, innovation and a camaraderie that propels our people toward meeting our mission for members, clients and communities.

Through surveys conducted in 2020 and 2021, employees expressed a desire for flexibility in how they choose to do their work. Our Future of Work strategy supports their preferences.

Moving forward, time spent in the office will generally focus on collaboration, learning and development, and maintaining the human connections that enable our work culture to thrive.

We view the future of work as a journey. Along the way, we are committed to taking the pulse of our people to ensure that the environments we create are allowing them to do their best work for our clients, members and communities.

“A multiple work model approach supports our drive for high performance, allows us to ensure the health and resilience of our workforce, and optimizes high-value, face-to-face interactions that spark innovation and creativity.”

“The future of work creates spaces and supports that help our people do their best work in a way that aligns with their sense of purpose.”

Laura Mably, Chief Human Resources Officer

Workforce Capability: Inclusion, diversity, equity and accessibility (IDEA)

We're on a journey to cultivate a more inclusive work culture.

Inclusive. Diverse. Equitable. Accessible. Building an (IDEA) workplace culture is essential to our success, and our IDEA Strategy is designed to actively embrace the diversity of our people, in a way that supports our co-operative values and purpose.

Inclusion

A dynamic operational state that fosters a culture where we feel safe and mutually respected. A place where differences are accepted and valued.

Diversity

The range of dimensions, characteristics, experiences and perspectives that we all possess as unique individuals.

Equity

An environment where everyone is treated with fairness and where individual needs are recognized. Everyone has access to resources, development and opportunities to be successful.

Accessibility

Ensuring that products, services, facilities and resources are accessible to all of us, according to our differing abilities.

Our current state

We conducted an in-depth analysis and evaluation, in partnership with the Canadian Centre for Diversity and Inclusion (CCDI)—and with input from our Steering and Influencer Committees, which both include leaders and employees from across our group of companies.

We used the Global Diversity & Inclusion Benchmark (GDIB) to assess our current state and to set an annual maturity level. From there, we laid the groundwork for progress, with a clearly defined vision, mission and set of goals. Our current GDIB score has us at the Foundation Level, focused on driving the strategy forward.

We recognize that our necessary transformation will not happen overnight. This is critical, meaningful work that must be integrated into all aspects of our business, and we are committed to ongoing evaluation.

Our focus on learning

In 2021, we built momentum and awareness through employee-focused communication points and learning opportunities, education for the board and senior leadership, and a Truth and Reconciliation workshop.

For leaders, we developed and launched a dedicated intranet site, which houses IDEA resources that assist with enriching cultural competency, embodying inclusive leadership, and embedding inclusive practices into hiring. We also held an IDEA workshop for leaders, focusing on how we can create safe spaces for dialogue around IDEA-related topics.

Resources, including discussion guides to help build understanding of foundational IDEA topics, are regularly promoted to employees. Discussion guides developed in 2021 include:

- Allyship
- Creating Safe Spaces
- Cultural Competence
- Inclusive Leadership
- Psychological Safety at Work
- Addressing the Black Lives Matter Movement at Work
- Gender Expression versus Gender Identity

Preliminary steps toward Truth and Reconciliation

In June, our Board of Directors and senior executives attended a session on Truth and Reconciliation led by Tim Fox, Vice-President, Indigenous Relations & Equity Strategy, Calgary Foundation. The session touched on the current realities facing Indigenous communities and brought awareness to the need for specific cultural supports in service delivery. It also explored the impact that historical processes and policies continue to have on Indigenous people. The session challenged the leadership team to think about how their individual actions—and those of Co-operators—can foster inclusion and provide services to Indigenous communities.

On the National Day for Truth and Reconciliation, we issued a public statement of support, as well as a commitment to meaningfully integrate principles of Truth and Reconciliation into our governance, business decisions and social-impact frameworks. Following his presentation to the leadership team, Tim Fox also delivered a session for Co-operators employees—educating participants on Indigenous history and colonialism, intergenerational trauma and systemic racism experienced by many Indigenous people in Canada. Over 1,600 employees attended this presentation.



IDEA Strategic Goals



Strengthen and enhance an inclusive workplace culture.



Clarify and strengthen leadership expectations and accountability.



Increase psychological safety for all employees.



Strengthen the connection between an inclusive workplace and authentic stakeholder engagement.

2021 IDEA Index

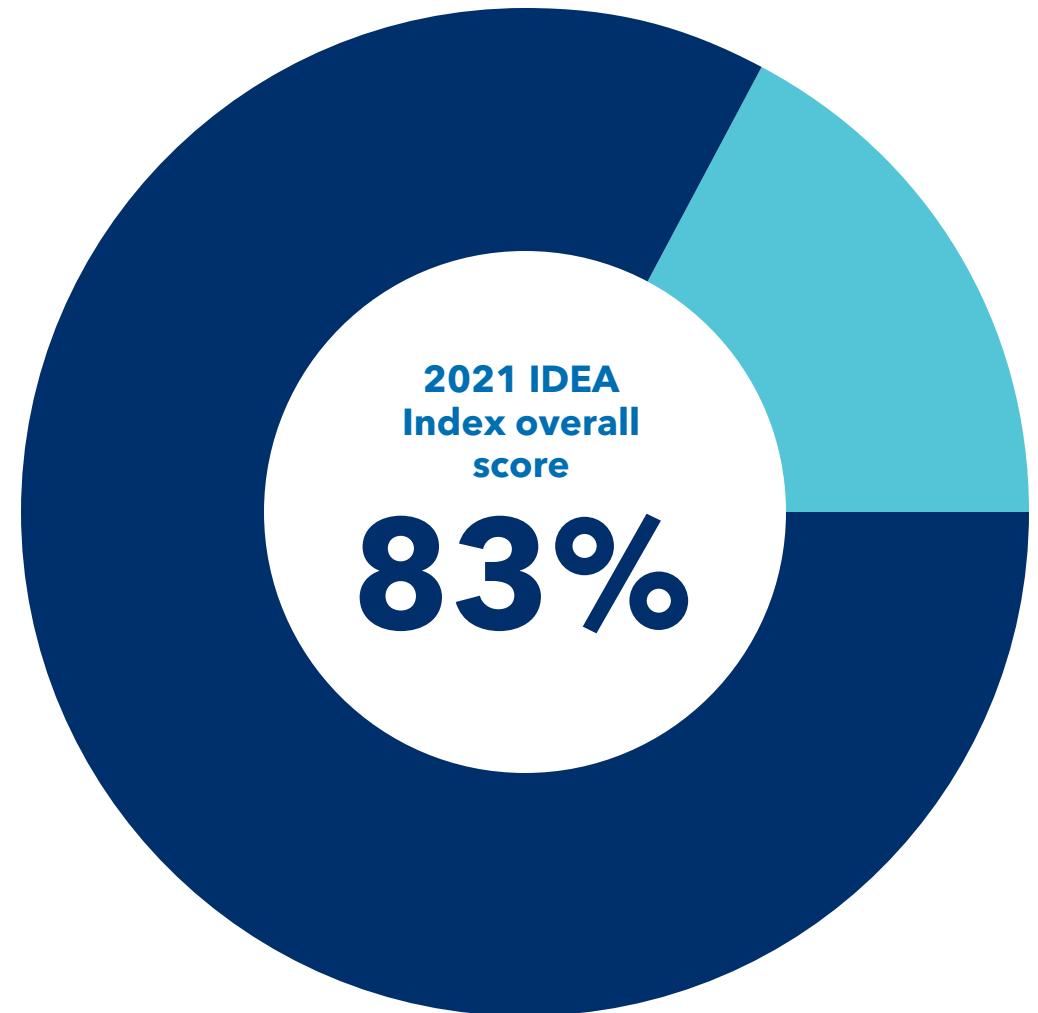
As part of our Employee Engagement Survey discussed on page 67, we introduced the IDEA Index. This is made up of two new indices that will measure employee engagement and feelings of inclusion across different dimensions of diversity.

Inclusion by diversity dimension

This explores inclusivity across diversity dimensions. Our overall inclusivity score was mostly consistent across all identities, with two exceptions: non-binary employees and employees with disabilities. Indigenous employees reported strong feelings of inclusion overall, but the score was slightly below average—alongside non-binary employees and employees living with disabilities—in terms of perceived validation of thoughts and ideas at work.

Engagement by diversity dimension

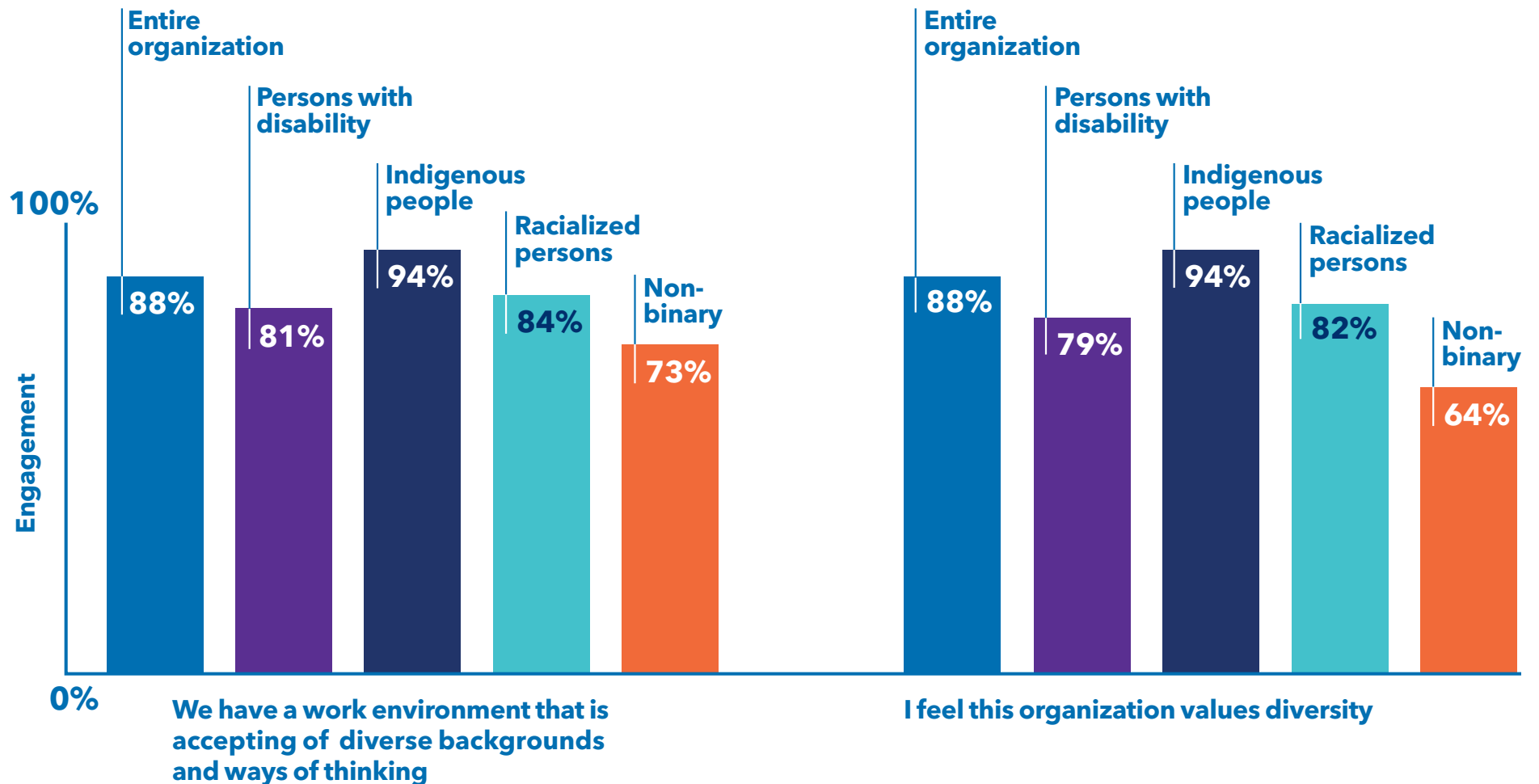
This explores engagement across diversity dimensions. Scores for the questions on this index were consistent or higher than the overall engagement scores across all identities, except for non-binary, pansexual, queer and employees with a disability.



We are committed to embedding inclusion, diversity, equity and accessibility into everything we do.

Assessing feelings of inclusion

In 2021, we established a baseline for employee feelings on inclusion based on two key questions. Data was gathered along four dimensions of diversity.



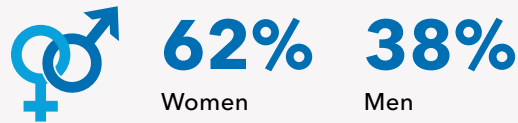
Workforce Capability: Workforce demographics

Spotlight on our workforce

Learn more about the demographics and composition of our workforce.



Gender representation of total workforce*



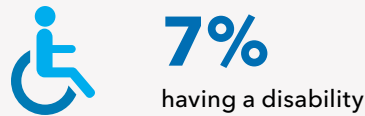
*Although we do not currently include 'non-binary' in our data collection, we are working toward including this next year.

Gender representation across Financial Advisor network**

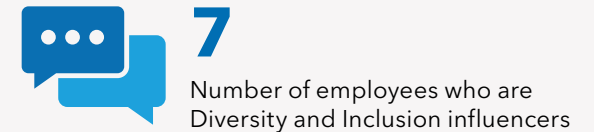
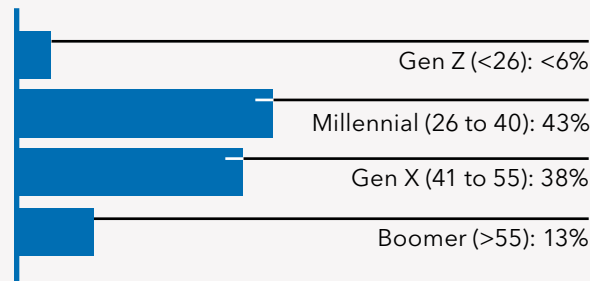


**Although we do not currently include 'non-binary' in our data collection, we are working toward including this.

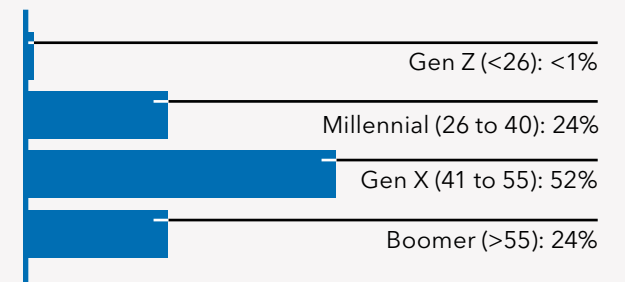
Percentage of staff who self-identify as




Employee age demographics



Financial Advisor age demographics



A photograph of Natasha Hall, a Co-operators Financial Advisor, sitting at her desk in an office. She has long blonde hair and is smiling warmly. She is wearing a dark blue top. In the background, there is a computer monitor displaying charts, a desk with a laptop, a white mug with the Co-operators logo, and a glass shelf with decorative items including a blue mug and a sign that says "do what you love".

“I couldn’t be prouder, to not just be an advisor to my clients, but to be considered a friend and an integral part of the community.”

Natasha Hall (pictured), Co-operators Financial Advisor and 2021 Community Achievement Award-winner, Ottawa, Ontario

Interview: Shelora Lopez.

Champions of diversity, inclusion, equity and accessibility.

To support a grassroots implementation of IDEA in the workplace, we introduced an influencer group of people leaders and other employees who provide input, perspectives and insights as we progress along our journey. IDEA Influencers also champion our IDEA vision and mission through dialogue, training, and events throughout the year. Shelora Lopez, Co-operators claims supervisor and IDEA Influencer, discusses how she's bringing her own vision for diversity and inclusion to life at Co-operators.

Why was it important to you to become an IDEA Influencer?

Shelora Lopez: I became an IDEA Influencer to promote authentic and inclusive leadership, while being a voice for diversity.

How has our IDEA Strategy progressed in your view?

Shelora: We're just beginning our IDEA journey at Co-operators. We have now provided a starting point to have meaningful conversations, learn from one another, and look at the ways in which we can do better.

What are you most proud of in your work as an IDEA Influencer?

Shelora: As influencers we've planted the seed and presented a platform for others to share their stories, hear different voices, challenge perspectives while learning and growing together.

This was done through the Diversity Talks and Employee Spotlight series and the IDEA Influencers video. Through these, we have seen where courage and vulnerability meet, making us stronger and better for it.

"My vision is for an equitable environment where people can be their authentic selves, are aware of their biases, and know how to be allies."

Shelora Lopez (pictured), Claims Supervisor, Co-operators



Workforce Capability: Learning, development and mental health

We believe the workplace can be an enriching environment.

Ensuring the health, well-being and enrichment of our people will help to foster a resilient, inclusive and high-performing workforce culture. We provide our people and their loved ones with access to tools, training, resources and information to help them thrive.

Helping people unplug to refresh

As Manager of Benefits, Wellness and Recognition at Co-operators, Lisa Dearing leads a team that delivers group benefits, pension, disability resources, and wellness and recognition programs.

The pandemic proved to be a trying time for many people, both at home and at work. And, for Lisa, rethinking the misconception that hard work means working all the time, together with setting boundaries within a remote work environment, is the key to staying healthy and avoiding burnout.

The programs and resources that Lisa's team delivers to Co-operators employees include virtual fitness sessions, employee assistance programs for everyday life and in times of crisis, up to \$5,000 per beneficiary per year toward mental-health practitioners, \$750 per employee in personal- and health-care spending accounts, and much more.

Supporting our people through lifelong learning

We prioritize learning and development, ensuring that employees have opportunities to expand their capacity and broaden their perspectives to enhance their overall well-being.

Average investment in employee training and development

\$739



“This past year has taught me the importance of setting boundaries, disconnecting and being accountable for my well-being. It gives me the clarity and focus needed to show up every day as my best self for my team and my family.”

Lisa Dearing (pictured), Manager of Benefits, Wellness and Recognition

Workforce Capability: Employee engagement

We are focused on engaging and supporting our people.

Our co-operative is strong because of our people, who are connected with what’s taking place in the world around us. Ensuring that we can support the resilience of our people, not only as employees but as members of the community, is paramount.

To support them, we’re committed to a thriving, inclusive and agile work culture.



Top achievement

We were once again named a Best Employer in Canada by Kincentric for the 18th time.



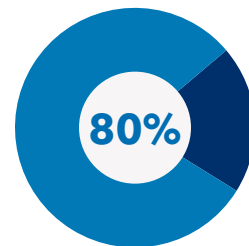
Key challenges

Across industries and disciplines, a new competition for talent has emerged in 2021. As an employer, we need to better promote our unique advantage to attract and retain top talent.

Employee Engagement Survey results

2021 marked a critical point in our four-year corporate strategy. The pandemic both reinforced the relevance of our strategic goals and increased the pace of change that our strategy was designed to navigate. Our ability to deliver on our strategic plan and maintain our competitive advantage depends, more than ever, on high engagement throughout the organization. In 2021, we were once again named by Kincentric as a Best Employer in Canada.

Overall Employee Engagement Score



We’re proud of the strong engagement demonstrated through the survey, especially given the difficult circumstances of the pandemic.

What is an engaged employee?

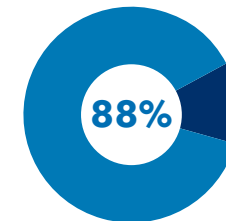
Engaged employees are committed to their organization and motivated to do their best work. Engagement is measured across three dimensions: Say, Stay and Strive. Engaged employees say great things about our organization and recommend it to others, intend to stay with the organization, and strive to contribute added value to their work.

What employees told us

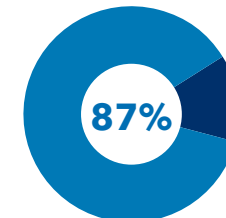
Employees were highly engaged, particularly when it comes to diversity and inclusion, manager support, collaboration and the sense of accomplishment gained through their daily work. Areas for improvement include employee perceptions of our ability to attract, retain and promote top talent, rewards and recognition, and the speed and effectiveness of business decisions.

2021 survey dimensions that scored highest

Diversity and inclusion

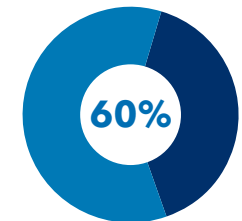


Manager support

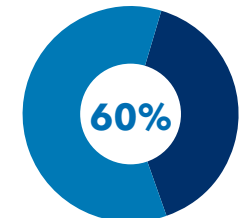


2021 survey dimensions that scored lowest

Talent and staffing



Rewards and recognition



Workforce Capability: Employee support and compensation

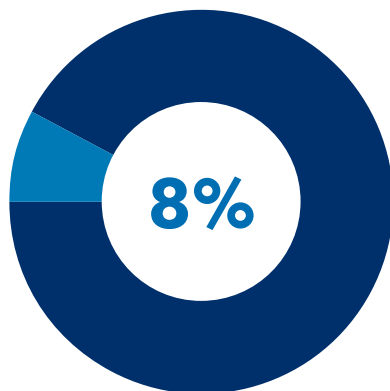
Retaining and incentivizing our people.

As the foundation of our success, it's critical that our people feel supported and valued. We've remained focused on retaining and incentivizing our people, who consistently deliver on our strategy while working to meet the needs of our members, clients and communities.

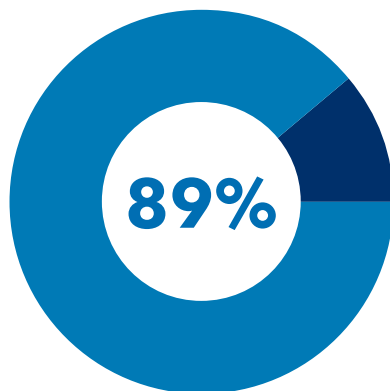
Employee retention

We continue to maintain a strong talent retention rate, a testament to our ability to support our people.

Employee voluntary turnover rate



Employee retention rate



Compensation and benefits

As a living-wage employer we offer a competitive and equitable compensation package that, in most cases, far exceeds the living wage.

CEO-to-average worker pay ratio (2020)

18:1

Benchmark: 191:1*

**based on the salaries of the 100 highest-paid CEOs in Canada (Source: "Another Year in Paradise" Canadian Centre for Policy Alternatives, 2022).*

Workforce salaries

\$516.3 million

Workforce benefits

\$103.5 million

Workforce incentive programs

\$69.4 million

A photograph of a smiling man with a beard and red-rimmed glasses, wearing a dark blue button-down shirt and light-colored jeans, standing in a clothing store. He has his hands on his hips. In the background, there are clothing racks, a mannequin, and a chalkboard menu.

**Our success is shaped
by the contributions of
the people we employ.**

2021 performance summary

Create the Future

Even the greatest challenges of our time can present opportunities to create a future that is more sustainable, equitable and resilient. As we continue to navigate a constantly changing world, we have fostered a culture of innovation and adaptability that propels our thinking toward new products and services that meet the needs of our members, clients and communities.





Create the Future: Emerging business models

We're bringing tomorrow's solutions to market, today.

Our founders developed a co-operative insurance model that would provide financial security to a group of Canadians with unmet needs. And this same spirit drives our innovative mindset today, as we remain nimble and ready to adapt to the rapid and persistent change in our midst. A prime example is Duuo, our digital, on-demand insurance platform that explores emerging business models and brings leading-edge products to market.

Creative innovations for a changing world

When it comes to words that permeate modern business culture and conversation, innovation might top the list. But what exactly does innovation mean at Co-operators? In simple terms, it's our ability to apply novel creativity to solve a business problem.

With Duuo, we have created a distinct brand and innovation engine that is driven to solve the right problems more efficiently, while arriving at unique solutions that can meet the emerging needs of our members, clients and communities. By the end of 2021, this innovative process has enabled us to launch six products, services and solutions for Canadians living, working and experimenting on the leading edge.

“Innovation is not a strategy or an outcome. It is a process of how you go from creating a problem statement to arriving at a solution.”

Peter Primdahl, Vice-President,
Emerging Business Models

Duuo products



Short-Term Rental Insurance

Specialized, on-demand insurance for people who rent out their properties through platforms like Airbnb®, HomeAway® and VRBO®.



Rent-my-Stuff Insurance

Insurance coverage for risks that are incurred when an individual rents their belongings to others.



Gig Insurance

A low-premium, episodic liability insurance product designed to uniquely match the task and duration of service for which the gig worker was hired.



Event Insurance

On-demand insurance to cover an event host's or venue owner's liability in case of accidents.



Vendor Insurance

Insurance coverage for exhibitors and vendors at events such as farmers' markets and trade shows.



Tenant Insurance

Dynamically rated insurance coverage for people who lease residential premises, providing peace of mind to both the lessee and lessor.



An on-demand solution for market vendors

It's critical for emerging artisans and vendors to seize opportunities when they arise. Understanding clients' needs for more practical short-term insurance options, Duuo partnered with Co-operators Financial Advisors to create a solution. In collaboration with Farmers' Markets Ontario (FMO), the partnership provides short-term options for market vendors. Duuo's digital platform allows FMO vendors to purchase a one-day policy, flex pass or season pass in under five minutes.

"Duuo insurance is giving younger vendors and BIPOC communities the opportunity to access new markets by providing affordable coverage for their vending needs."

Catherine Clark, Executive Director of Farmers' Markets Ontario

Canada's first automated claims process

In 2021, Duuo – through its Rent-my-Stuff Insurance product, in partnership with Slice Labs – became the first company in Canada to design and implement an automatic claims process. The new feature assesses claims made by Rent-my-Stuff customers, with the potential for an immediate settlement offer, and all without the need for a claims adjuster to be involved. The feature was developed with an “ethics first” approach to mitigate potential bias. It also leverages technologies in natural language processing and machine-learning models, while ensuring that it meets Duuo’s high claims-handling standards.

“Automating the claims process through settlement provides a customer-centric experience in a digital age.”

Tim Attia, Chief Executive Officer of Slice Labs



Create the Future: Investing in the future

We use our capital to fund future-forward solutions and companies.

We launched our Corporate Venture Capital Fund with the goal of facilitating innovative partnerships that would help to develop solutions to challenges that we face, both as an organization and as a society. Through this fund, we leverage our capital to support start-ups that are on the leading edge of new technology and business models, and that are driven to meet the changing needs and preferences of Canadians.

Catalyzing innovation in Canada and internationally

Co-operators Corporate Venture Capital Fund reflects our commitment to addressing the unmet insurance and financial-services needs of Canadians within a fast-paced and ever-changing digital economy.

In support of our innovation strategy, the fund focuses on investments and partnerships that are aligned with three key themes:

1. Meeting emerging and underserved financial needs
2. Enriching the resiliency of Canadians and their communities
3. Offering digital products and services that add strategic value to our core operations and/or that assist us in exploring opportunities in adjacent and emerging markets



Our Corporate Venture Capital Fund partners

BlueDot

This Toronto-based HealthTech company tracks and predicts the spread of infectious disease globally. BlueDot was among the first to identify the COVID-19 outbreak and to advise its clients—including the WHO, and national and regional governments—on pandemic-response strategies.

Portag3

Portag3 is a FinTech fund with a mission to develop and empower—and invest in—creative, ambitious and visionary entrepreneurs who have the potential to reshape financial services. This investment allows us to leverage innovative platforms and learnings to support our strategic initiatives.

Emmertech

This venture-capital fund is focused on agtech and agribusiness innovation. It takes an industry-first approach, with input from Canada's most innovative farmers, agribusiness owners and agriculturally centred financial institutions.

Slice Labs Inc.

As a leading U.S. InsurTech company, Slice Labs develops technology solutions for on-demand, episodic insurance products. In partnership with Slice, Duuo's products and API roadmap are state-of-the-art in the exploration of the emerging model of embedded insurance solutions.

Interview: Emmertech

Supporting Canadian leaders in agtech innovation.

As a key partnership of our Corporate Venture Capital Fund, Emmertech has developed a new investment approach to fit the world of agtech in Canada. Through their fund, with proper access to early-stage venture capital, Canada is better-positioned to be a global leader in agriculture innovation.

Daniel Sinclair, Co-operators vice-president of corporate development and co-head of Co-operators Corporate Venture Capital Fund, spoke with Sean O'Connor, managing director at Conexus Venture Capital and Emmertech on the value of our strategic partnership.

Daniel Sinclair: How has the Co-operators investment supported Emmertech in meeting the needs of your stakeholders?

Sean O'Connor: Emmertech was founded on the belief that Canada can become a global leader in the agtech space, but that we needed a different approach in how to invest in agtech startups. Emmertech sought to build a fund from the industry up, and having Co-operators join as an established player at the intersection of agriculture and insurance was a critical step in bringing the brightest minds in the Canadian agriculture ecosystem together.

What are the most significant opportunities on the horizon for this partnership?

Sean: Our vision is to drive outsized returns for our investors while helping support Canada as it becomes a global agtech leader. We believe the biggest opportunity in the coming years is at the intersection of agtech and cleantech. Specific to Co-operators, we're actively looking at various opportunities in the InsurTech space to better measure risks in agriculture.

What appeals to you most about the strategic partnership with Co-operators?

Sean: We are thrilled to be working with the team at Co-operators as we have a strong overlap in our belief that Canada can become a global leader in the agtech space. We look forward to finding opportunities for our portfolio companies to potentially partner with Co-operators in the coming years.

"The team has been exceptional to work with and brought a wealth of knowledge that has helped us map out how we can best create interactions between our investors and our portfolio founders."

"Through new innovations, we will be able to reduce the impact of agriculture on the climate and help increase yields while decreasing costs for the farmers."

Sean O'Connor, Managing Director, Conexus Venture Capital and Emmertech



2021 governance performance summary

Co-operative governance

As a purpose-driven co-operative we strive to meet the current and future needs of our members, clients and communities. Our co-operative governance, through our members and our Board of Directors, keeps us focused on this purpose and aligned to our co-operative identity.





Governance: Structure and processes

We govern democratically and seek continuous improvement.

Our member delegates and Board of Directors bring diverse insights, perspectives, skills and knowledge to our governance tables. To stay relevant and effective – and to set our organization up for ongoing success long into the future – we continuously work to improve our governance structures, processes and practices.

As a co-operative, we are governed by a “one member, one vote” democratic principle. Our directors are independent from management and the operation of the business, and there is no link between director compensation and our organization’s performance.

Evolving our governance structures

As a significant undertaking in 2021, our board reviewed its committee structure to ensure the appropriate allocation of responsibilities to strengthen our governance with a view to the future. The review was conducted under a set of guiding principles to reflect regulatory requirements, industry best practices, our co-operative identity, and our operating environment. The review ensured that appropriate level of oversight is aligned to the corporate strategy, ongoing risks, and governance trends, including executive compensation, technology and cyber risk management, board composition and succession planning, and more. The board approved the new board committee structure and composition, which will be implemented in 2022.

Succession planning, diversity and inclusion

The board examined its succession planning practices to ensure a diverse and appropriate mix of skills, experiences, and perspectives will guide our future success. Efforts focused on understanding directors’ service goals, interests in board leadership positions, and training opportunities to emphasize insurance and financial services knowledge along with leadership skills.

In 2021, there was significant board turnover, with six directors retiring and six new directors elected in their place. This leadership change increased board representation across various dimensions of diversity, including representation of women, moving us closer to our long-term goal of 50% women on the board by 2025.

We acknowledge that we have significant work ahead to ensure our governance structures are reflective of Co-operators commitment to inclusion, diversity, equity and accessibility. In partnership with the Canadian Centre for Diversity and Inclusion, and through board education sessions and initiatives, we are working to ensure that a diversity of voices are present and well-represented in our governance.



Our Board of Directors is responsible for key governance activities, including:

- ensuring our organization’s financial viability
- articulating our mission, vision and values
- setting our strategic direction and monitoring performance
- appointing, selecting and managing performance of the president and CEO
- ensuring Co-operators maintains a leadership role in the insurance industry and co-operative movement.

OUR STORIES

Embedding inclusion, diversity, equity and accessibility into our governance

Collette Robertson has been a member of our Board of Directors since 2014, and served as a member delegate representing the Regina Community Clinic from 2009 to 2014. For more than 25 years, Collette served in a number of capacities with the Provincial Government of Saskatchewan in the areas of Advanced Education, Economic Development, and First Nations and Métis Affairs.

For Collette, it's crucial to expand governance policies around diversity to ensure we are recognizing principles of inclusion, equity, and accessibility. Through continued efforts to provide more specific learning opportunities to directors, delegates, Co-operators management, employees and Financial Advisors we can emphasize our commitment to Inclusion, Diversity, Equity and Accessibility (IDEA).

"Through IDEA, we can enhance our governance process, foster a sense of belonging and create a safe space to be ourselves," says Collette.

Not only does this important work reflect our co-operative identity, it is also an example and enhancement of best practices that we strive to achieve in our co-operative governance.

By embedding IDEA in everything we do, we can positively impact our members, clients and our communities, and strengthen the connection between an inclusive workplace and our ability to meet the evolving needs of our diversity of stakeholders.

"We need to ensure there's buy-in at every level of our organization, measure the impact, and identify ways of showing those positive results."

Collette Robertson (pictured), Director, Co-operators Board of Directors



Governance spotlight

Find out more about our members, delegates and board and governance highlights.



46

Member organizations

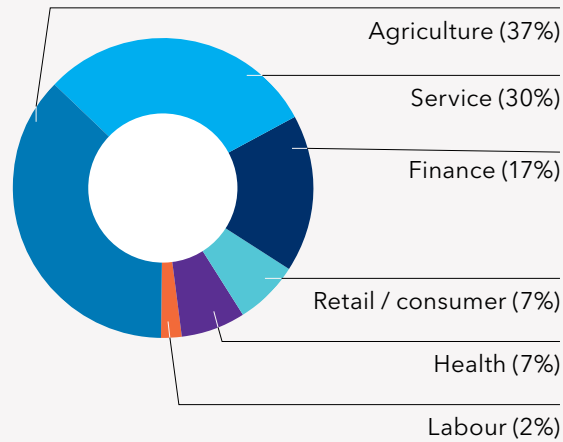


7

Regions represented
across Canada

British Columbia / Alberta / Saskatchewan /
Manitoba / Ontario / Quebec / Atlantic

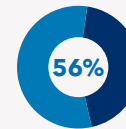
Member organization sectors represented



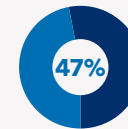
125

Delegates

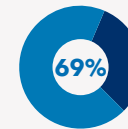
Women delegates in each region



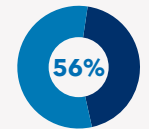
British
Columbia



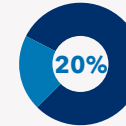
Alberta



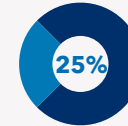
Saskatchewan



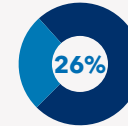
Manitoba



Ontario



Quebec



Atlantic

Governance spotlight *(continued)*




Board composition

14 Men	8 Women	7 French speaking
2 Indigenous	1 Visible minorities	0 Have a disability

**Although we do not currently include 'non-binary' in our governance data collection, we are working toward reporting this information next year.*



22
Directors



36%
Women on the board

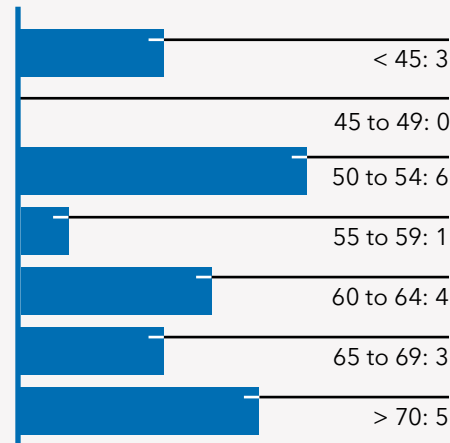
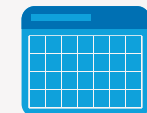
2020: 32% 2019: 32%
Target: 50% by the end of 2025



Board committees

- Audit
- Corporate Governance and Conduct Review
- Member and Co-operative Relations
- Risk and Compensation
- Sustainability and Citizenship
- Capital (ad hoc)

Director age ranges

485
Cumulative director years of experience in the co-operative and credit union/caisse populaire sectors



52
Number of Days directors spent in individual training and development



5
Number of directors with a professional designation

Governance: Bringing our co-operative governance to life

We embrace our co-operative difference as we move forward.

In times of transformation, it's important to keep a strong sense of purpose. Our members, directors and delegates embody our co-operative identity and keep us rooted to our mission and purpose as a co-operative organization. With our new brand and mandate to establish ourselves as a leader in the competitive space of financial services, we remain oriented to our values and co-operative principles, a fact that both differentiates us and makes us stronger.



Top achievement

2021 board committee structure review

This significant review will ensure our committees of the board are positioned to strengthen our governance with a view to the future.



Key challenges

Uncertainty and rapid change in the external environment

To navigate challenges and uncertainty, the board has engaged external experts, management and its own collective skills, expertise and perspectives to ensure decisions are informed by best practices and rooted to our co-operative identity.

How our board supports action for a climate-resilient future

Through our Sustainability and Citizenship Committee and our Risk and Compensation Committee, our board strives to build climate resilience and further the net-zero economy. In 2021, our board was instrumental in updating our [Sustainability Policy, which can be found on our website](#); contributing to the development of our net-zero and climate investing goals; monitoring the ongoing process of integrating sustainability throughout our organization; and guiding our ongoing efforts to deepen client and member engagement in sustainability, impact investing and climate action.

Laying the groundwork for a new strategic cycle

With our current, four-year strategic period ending in 2022, the board discussed the nature of the external environment in which we operate, which will become a foundational element of our upcoming strategic cycle (2023 to 2026). The board also discussed our progress toward the 2030 United Nations Sustainable Development Goals and our ongoing sustainability journey, including the next steps of our efforts to integrate and champion sustainability within our organization and our communities.

Adapting through the pandemic

Amidst the constraints presented by the pandemic, our board of directors and management team continued to operate remotely throughout 2021. All governance meetings including board, committee and our annual general meeting were held virtually. Our Management Governance Committee, established at the onset of the pandemic, ensured that critical information for the board and its committees was identified and shared in a timely manner. A board-approved Framework for Return to In-Person Operations will inform any return to in-person governance meetings in 2022.

We're not motivated by maximizing quarterly profits. We're driven by an existential purpose to meet the unmet needs of our members, clients and communities.



"Co-ops in the Arctic share a vision of people working together to improve their social and economic well-being. Co-operators has supported key initiatives in areas like the environment and mental health, consistent with our shared co-operative principles."

Rod Wilson, Chief Executive Officer, Arctic Co-operatives Ltd.

Governance: Member organizations

Our members keep us oriented to our purpose.

We are governed by a group of co-operatives, credit union centrals and representative farm organizations operating on a co-operative basis. Together, we deliver broad benefits to members, clients and communities.

British Columbia

- Agrifoods International Cooperative Limited†
- BC Agriculture Council
- BC Tree Fruits Cooperative
- Central 1 Credit Union†
- Modo Co-operative
- 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
- Bee Maid Honey Limited†
- Caisse Populaire Groupe Financier Ltée
- Credit Union Central of Manitoba Limited
- 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

- Exceldor†
- Fédération des coopératives d'alimentation du Québec
- Fédération des coopératives funéraires du Québec
- La Fédération des coopératives du Nouveau Québec
- Fédération québécoise des coopératives en milieu scolaire/COOPSCO
- Fédération québécoise des coopératives de santé
- Sollio Cooperative Group
- 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

We welcomed one new member in 2021

Fédération québécoise des coopératives de santé (FQCS)

FQCS represents the health co-operative sector, and provides front-line, non-profit health services across Quebec. Some 40 non profit health co-operatives in Quebec bring together 2,000 members each (on average) that provide preventive and curative front line health services to their communities. These services are offered by 230 physicians, 115 nurses and dozens of health professionals, teaming up to take care of more than 280,000 patients' health.



“There is strength in numbers when co-ops work together. As a member of Co-operators, we have opportunities to learn from others, which helps build and strengthen our own programs. Supporting other co-operatives is not just a co-operative principle, it’s a path to collective success.”

**Bob Fink, Chief Corporate Affairs Officer,
United Farmers of Alberta Co-operative Limited**

Additional report information

Want more details? You're in the right place.

In this section, you can find our consolidated financial statements, and information on our investment portfolio ratings and capital tests. You can also learn how we've aligned our strategy to the United Nations Sustainable Development Goals, get a comprehensive overview of our strategic performance, delve into how we assess and manage risks, and explore our integrated reporting process for determining the materiality of this report.





United Nations Sustainable Development Goals

We've aligned our strategy to global sustainability.

In 2018, we endorsed all 17 United Nations Sustainable Development Goals (SDGs) and aligned our 2030 Enterprise Long-term Goals to nine specific SDGs (listed below) on which we have the greatest expertise and can make the most meaningful impact.

UN SDG	SDG target or indicator	Strategic alignment	Strategic objective	2021 Highlight	More information
3: Good health and well-being	UN target 3.4 – Mental health and well-being	Co-operative Identity	We will enhance the resilience of Canadians and their communities, including supporting their mental health.	In 2021, we became a founding contributor of Kids Help Phone's Peer Support program, which was developed to meet the need for a barrier-free, Peer to Peer support service available nationally for youth with 24/7 clinical moderation.	Page 30
5: Gender equality	UN indicator: 5.5.2 – The proportion of women in managerial positions	Workforce Capability	We will enhance our understanding, decision-making and action through a diverse and inclusive workforce.	34% of senior leadership, 30% of executive leadership, and 36% of our Board of Director positions were held by women.	Page 63, 83
7: Affordable and clean energy	UN indicator: 7.2.1 – Renewable energy share in the total final energy consumption	Co-operative Identity	We can readily identify how Canadians have improved their resilience, including resilience related to climate change, as a direct result of our risk mitigation efforts and impact investing strategies.	Our impact investments were directed towards projects and initiatives that generated 237 million MWh of renewable energy, enough to power over 9 million homes for one year*.	Page 42
8: Decent work and economic growth	UN target: 8.10 – Access to financial services for all	Client Engagement / Co-operative Identity	We offer advice and customized solutions for holistic financial security.	Our wealth products and advice are designed to benefit any client, regardless of their level of wealth. In 2021, over 52,000 Canadians had wealth accounts in place with us.	Page 19, 51
9: Industry, innovation and infrastructure	UN indicator: 9.4.1 – CO2 emission per unit of value added	Co-operative Identity	We will integrate and embed co-operative and sustainability principles in all areas of our business, including decision-making, action and process.	Having reached our strategic target of becoming carbon neutral equivalent, we have now set targets to become net-zero in our operations and investments, by 2040 and 2050, respectively.	Page 37
11: Sustainable cities and communities	UN target: 11.5 – Reduce economic losses caused by water-related disasters	Co-operative Identity / Client Engagement	We will enhance the resilience of Canadians and their communities. We measure and track growth in risk-prevention services offered to clients.	Through Comprehensive Water, Canada's first flood product to provide coverage for all overland flood risks, including storm surge, we provide insurance protection for 669,035 Canadians households, including those at highest risk.	Page 18

UN SDG	SDG target or indicator	Strategic alignment	Strategic objective	2021 Highlight	More information
12: Responsible consumption and production	UN target: 12.6– Corporate adoption of sustainable practices	Co-operative Identity	Lead with initiatives to address the unmet economic, social and environmental needs of Canadians.	In 2021, Addenda Capital became a founding participant of Climate Engagement Canada, which works with issuers and investors to promote a just transition to a net-zero economy.	Page 40
13: Climate action	UN target: 13.3– Awareness raising on climate change mitigation, adaptation, impact reduction and early warning	Co-operative Identity	We measure and track growth in risk-prevention services offered to clients.	Through sending 229,486 Weather Alerts to clients, we shared pertinent information on how they could best prepare and protect their belongings, with an aim to mitigate losses and stay safe in the event of extreme weather events.	Page 27
17: Partnerships for the goals	UN target: 17.14– Policy for sustainable development	Co-operative Identity	We lead with initiatives to address the unmet economic, social and environmental needs of Canadians.	In 2021, we joined Climate Proof Canada, advocating the federal government for commitments on key recommendations to finalize Canada’s adaptation strategy, create a climate adaptation home rating program, implement the national action plan on flooding and expand home and commercial retrofit programs to include greater climate resilience measures.	Page 35

**The impact does not result solely from our investments, but depicts the total impact achieved by the projects and initiatives in which we invest. Because of reporting periods, this value is for fiscal 2020.*

Our 2030 Enterprise Long-term Goals

Sustainability is a vital element of who we are, how we work and what we deliver. It’s embedded into every aspect of our overall strategy. Using a sustainability lens when we plan and make decisions helps us deliver on our vision of being a catalyst for a sustainable society and achieve our mission of providing financial security for Canadians and their communities. In addition to our four-year strategic cycle, we are working toward a set of 2030 Enterprise Long-term Goals intended to lay the groundwork for a more sustainable, resilient future. We aim to:

- Inform and influence by contributing to reducing our stakeholders’ risk exposure and increasing their prosperity through our continuous engagement and influence.
- Incentivize Canadians and their communities toward a more sustainable and resilient society.
- Invest our assets with the objective of helping Canadian society realize positive change to risks and become more sustainable.

[A full description of how we will achieve our long-term goals can be found at cooperators.ca.](https://www.cooperators.ca)

Our 2021 strategic performance.

Get a comprehensive view of our progress toward our strategy, including a management discussion and historical data.

1. Client Engagement

	Target	2021	2020	2019	Status*	Discussion
Percentage of households that have signed up for Online Services	40% by the end of 2022	47%	43%	25%	Exceeded	We experienced substantial growth in online transactions and the proportion of clients signed up for Online Services in 2020, due in large part to the in-person office closures and a preference for remote interactions during the pandemic. In 2021, growth was modest, however continues to show a push to digital by our clients and advisors.
Number of Home and Auto transactions completed online	N/A	389,851	478,176	368,954		
Total Client Households¹ insured	N/A	946,585	948,844	950,873		The decrease in household growth can largely be attributed to a decline in home policies, which was primarily the result of lower retention rates year-over-year.
Pollara Annual Study Ranking	Achieve a ranking of third or above for both Home and Auto	Auto: Tied for first Home: First	Auto: Second Home: Second	N/A	Achieved	Pollara's annual study surveys home and auto insurance clients across the country to determine our clients' likeliness to recommend us, in addition to providing insight into how we compare with our key competitors when it comes to client loyalty. Our consistent leadership in rankings demonstrate that we are leading the P&C industry in client satisfaction.
Net Promoter Score	N/A	+20	N/A	N/A		Net Promoter scores measure the willingness of clients to recommend us. The score ranges from -100 (where clients are active detractors) to +100 (where clients are active promoters). Our strong result of +20 on this scale demonstrates our effectiveness at client engagement.
Group Benefits Client Experience Index (Biennial)	80% by the end of 2022	N/A	77%	78% (2018)	On track	In 2021, we refreshed our mobile app and introduced new product options to keep pace with the market. Going forward, we will continue to enhance online services and modernize product and service options to drive greater value for clients.

*If the target is due in the current reporting year, terminology is "exceeded", "achieved", or "not achieved". If the target is due in 2022, terminology is "above expectations", "on track", or "below expectations".

	Target	2021	2020	2019	Status*	Discussion
Credit Union Client Experience Index (Biennial)	80% by the end of 2022	79%	N/A	79%	Achieved	While overall, we've achieved strong results in this category, we are focused on removing existing pain points for credit union clients by continuously improving any process and technology challenges that may exist at the point of sale.
Revenue from sustainable products and services	20% of revenue is defined as "clean revenue" by Corporate Knights by 2022	22.6%	20.1%	17.8%	Exceeded	We track the total revenue we generate from products and initiatives that champion sustainability and resiliency, from our Comprehensive Water overland flood product, to our impact investing efforts. We have exceeded our targets in this area, a testament to our ability to embed sustainability into our business decisions. Going forward, we will increase the percent of clients with Comprehensive Water coverage and expand to other property lines. We will also continue to grow client participation in impact investing and achieve competitive results.

**Includes client households of Co-operators General and Co-operators Life for all retail business lines. Previous year results have been restated to include retail clients only.*

2. Co-operative Identity

	Target	2021	2020	2019	Status	Discussion
Member Engagement Score² (Biennial)	85%	96%	N/A	98%	Exceeded	Despite not having the ability to meet our members in-person, we have continued to stay connected through other means. We have also introduced a few new activities to highlight the relevancy of members and keep them front and center with Co-operators staff. We will look for creative ways to work on items in the survey that were lower than the previous result and will create a new strategy for 2023 to 2026.
Total amount contributed to co-operatives in 2021	\$1.5 million each year	\$1.6m	\$1.5m	\$1.6m	Achieved	This target was exceeded, through dues, programming and partnerships that aligned with our community giving goals. Under our Social Impact Framework, we identified a need to partner more closely with co-operatives nationally to amplify our impact in the community, by supporting co-ops that contribute to overall community well-being and resiliency.

	Target	2021	2020	2019	Status	Discussion
Total member and co-operative business volume³	\$1.39 billion by the end of 2022	\$1.28 billion	\$1.18 billion	\$1.15 billion	On track	Pandemic-related growth challenges persisted in 2021, yet we have seen some growth in commercial, corporate accounts and other lines of business in the Member Benefits Program. We are working to leverage the success of the Member Benefits Program and help grow the program nationally through marketing and outreach.
Percentage of pre-tax profit (attributable to members) contributed to Canadian co-operatives, non-profits and charities (five year average)	Exceed Imagine Canada's benchmark of 1% each year	4.1%	5.3%	4.2%	Achieved	Our consistent achievement in this metric continues to reflect our strong commitment to our co-operative principles and the social and environmental well-being of Canadian communities. Our increased 2020 results were due in part to increased pandemic-related community contributions stemming from unclaimed client Reduced Driving Refunds.
Percentage of Co-operators invested assets in impact investing	20% by the end of 2022	21.2%	20.8%	19.4%	Above expectations	The market for impact investments continues to expand, particularly in the green bond issuance space, enabling us to add exposure and remain above the target. We continue to look for new opportunities in a rapidly growing market and this provides us with the ability to be more selective in our investment choices.
Carbon Footprint Reduction	Maintain carbon neutrality	100%	100%	80%	Achieved	<p>Emissions remained low due to ongoing travel restrictions, working from home, and internal reductions. We purchased renewable electricity certificates (RECs) and carbon offsets to offset remaining emissions.</p> <p>To maintain leadership, we widened our boundary to include more emission sources, set a new base year (2019), and set a net-zero target (2040). In future, we will engage staff across the organization to reduce all emission sources, and continue to offset remaining emissions.</p>
Percentage of senior leadership with SMART goals related to sustainability or co-operative identity	100% each year	95%	N/A	94%	On track	This measures the integration of sustainability and co-operative principles throughout our organization. The vast majority of our executives continue to set SMART sustainability goals. In 2022 we will continue to improve the process to collect this data to ensure completeness. Sustainability will continue to be further integrated into our business decisions, processes and actions, including executive compensation.

	Target	2021	2020	2019	Status	Discussion
Corporate Knights “Best 50 Corporate Citizens in Canada” Ranking	Remain on the list	3 rd	4 th	1 st	Achieved	Efforts to embed sustainability into our organization were once again recognized in 2021, when we ranked 3 rd among the Corporate Knights Best 50 Corporate Citizens in Canada, making the national list for the 12 th year in a row. Our 2021 result was driven by our high proportion of Clean Revenue, sustainability-pay link, paid sick days, gender diversity in senior management, and more. We continue to expand our impact investing and climate resilience insurance in Canada, which are sources of Clean Revenue.

²Starting in 2021 we are using our member relationship index survey and historical data, but renaming it the Member Engagement Score.

³Metric includes growth associated with individuals who are members of one of our member organizations, including growth related to identifying these individuals within our existing client base.

3. Competitiveness

	Target	2021	2020	2019	Status	Discussion
Expense ratio for P&C operations⁴	At or better than the industry by the end of 2022	32.4%	30.6%	31.6%	Below expectations	Our 2021 expense ratio was impacted by the acceleration of strategic spend, a one-time impairment charge on intangible assets and higher employee salaries and benefits. The ratio is anticipated to decrease in 2022 and it will be challenging for us to meet our target.
Efficiency ratio for Life operations	17.7% by the end of 2022	21.5%	20.0%	19.2%	Below expectations	Strategic spend has been increased to ensure delivery on our digital capabilities and operational efficiency initiatives. Tight control will be maintained over other expenses.
P&C combined ratio	98% by the end of 2022	89.2%	95.0%	101.1%	Above expectations	Our efficiency ratio was below expectations due to an acceleration of strategic spend, higher employee bonuses and shortfalls in the top line. We continue to maintain very strict control on expenses but will be challenged by continued strategic spend and higher marketing and advertising expenses in 2022 to drive growth.
						We achieved favourable results above expectations from our ongoing focus on sustained, profitable underwriting, which includes using data and analytics tools to support our risk assessments and adjusting pricing to reflect the risk. The impact of our focus on sustained profitability will continue into 2022 as we anticipate achieving a combined ratio below 98% inclusive of our increased strategic spend.

	Target	2021	2020	2019	Status	Discussion
Return on members' equity	8 to 10% each year	14.2%	10.2%	7.7%	Exceeded	We exceeded our target through a continued focus on sustained profitability as well as overall favourable economic conditions. We anticipate that an acceleration of strategic spend in 2022 to achieve short-term goals and future success may impact our ability to achieve this target in 2022.
Return on participating policyholders' (Par) equity	4.5 to 6.5% each year	6.7%	1.9%	8.7%	Exceeded	<p>We exceeded our target return in 2021 mainly due in large part to strong performance of common and preferred equity markets. These were partially offset by strengthening of lapse assumptions which led to increased reserves. Less favourable economic conditions are expected in 2022 and as such, our return is expected to be below our target range.</p> <p>Our participating policyholders are those clients who hold a Life insurance policy with us that includes an investment portion which lasts for much of, or all, of their total lifetime.</p>
Retail wealth sales growth	36.4% compound annual growth rate through 2022	50.6%	14.7%	11.3%	Above expectations	We have seen tremendous growth in the sale of retail wealth products, such as mutual funds. We anticipate that this trend will continue to perform above expectations as we expand our wealth product shelf and as more Financial Advisors become licensed to sell retail wealth products.
Retail wealth assets under management and administration	\$3.0 billion by the end of 2022	\$2.31 billion	\$1.91 billion	\$1.69 billion	Below expectations	We set an aggressive target of \$3 billion, and with the impacts of the pandemic and a delayed launch of the Mutual Fund dealer we are slightly behind target. We expect to be close to target at the end of 2022. We will continue to expand our wealth product shelf through acquiring mutual fund books to increase our assets under administration in 2022.
Individual Insurance new annual premium growth	7.0% compound annual growth rate through 2022	14.5%	(18.9%)	3.3%	Below expectations	We experienced year-over-year growth, but are still working to return to pre-pandemic sales levels. New participating whole life products increased sales, and there was a high degree of change in wealth and P&C lines, which limited Financial Advisor capacity for selling life insurance. However, limited ability for advisors to meet clients face-to-face, continued to impact life sales opportunities. Going forward, we will increase sales support for Financial Advisors, including sales concepts, and increase our focus on transforming the underwriting process to create a better client experience.

	Target	2021	2020	2019	Status	Discussion
Revenue Growth in consolidated P&C Commercial lines of business	N/A	9.4%	2.2%	19.9%		Growth in Commercial premiums has trended positively due to higher than anticipated average policy growth and risk-appropriate policy rate adjustments across most regions. Through meaningful rate setting, our refined risk appetite, and targeted growth, we expect to see continued revenue growth with our Commercial lines.
Group Benefits Premium Growth	7.3% compound annual growth rate through 2022	7.0%	(4.1%)	3.6%	Below expectations	Lingering impacts of the COVID-19 pandemic have suppressed inflationary increases in our premium combined with lower-than-anticipated sales due to soft market conditions. This was offset somewhat by our strong client retention. We will continue to focus on good client retention results combined with increased market activity to drive additional quote activity and better close rates.

⁴Includes CGIC and CUMIS General. Previous year results have been restated to exclude Sovereign Insurance.

4. Workforce Capability

	Target	2021	2020	2019	Status	Discussion
Representation of women in senior leadership⁵	35% by the end of 2022	34%	25%	26%	On track	In 2021, we increased the proportion of women in senior leadership, through a reclassification of certain roles across the group of companies, in addition to promotions and new hires. We will continue to maintain focus on this goal in 2022 to ensure representation factors into decisions regarding senior leadership positions.
Aggregated Employee Engagement Score	Maintain 80% or better each year	80%	N/A	77%	Achieved	Our strong employee engagement performance reinforces our organization's strength and stability and reflects that our work culture is meeting employee needs and providing a productive, healthy and stimulating work environment. Our 2021 results place us above the top quartile and industry benchmark of Canada's Best Employers.
Mental Health index	N/A	80%	N/A	78%		We sustained our commitment to mental health through a robust education and awareness campaign, a virtual fitness program and events to increase connection and community. In 2022, we will maintain our focus, find new ways to reach employees and encourage mental fitness.

⁵The proportion of women in senior leadership positions at the vice president level or above.

2021 financial statements

Income statement summaries

P&C operations direct written premium by lines of business

Direct written premium in our P&C operations increased 5.1%, primarily as a result of higher average premiums in Home and Commercial. The prior year's premium was impacted by the Reduced Driving Refund, which was a 15% refund on eligible Auto premiums between April and May of 2020.

Life operations premiums and deposits by lines of business

Our Life operations' total premiums and deposits grew over 16% in 2021 mainly driven by our Wealth Management line of business. Mutual fund deposits more than tripled in 2021 after the launch of CFIS in 2020. We also experienced growth in our Individual Insurance and Group Benefits lines, but we saw further declines in Credit Insurance and Travel, both of which continue to be negatively impacted by COVID-19.

Net investment income and gains

While we had another year of favourable investment performance, net investment income and gains fell short of 2020. 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.

The Co-operators Group Limited

Summarized consolidated Statement of Income
Year ended December 31

(in millions of dollars)	2021	2020	2019
INCOME			
Net earned premium	4,617.8	4,431.9	4,167.1
Net investment income and gains	373.1	751.8	805.7
Fees and other income	173.2	166.9	152.7
Total income	5,164.1	5,350.6	5,125.5
BENEFITS AND OPERATING EXPENSES			
Claims and benefits expense, net of reinsurance	2,710.7	3,329.3	3,200.5
Other expenses	1,831.4	1,652.5	1,603.8
Total expenses	4,542.1	4,981.8	4,804.3
Income before income taxes	622.0	368.8	321.2
Income tax expense	147.0	85.0	66.0
Net income	475.0	283.8	255.2
Net income (loss) attributable to:			
Members	407.6	258.1	178.7
Participating policyholders	57.1	15.8	67.1
Non-controlling interests	10.3	9.9	9.4
Net income	475.0	283.8	255.2

Summarized consolidated balance sheet

Our balance sheet position remains strong, with over \$4.6 billion in capital. Invested assets exceed the total value of our insurance and investment contracts, net of reinsurance, by 26.9%. Our regulatory capital positions, as measured by the Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT), also remain strong with our ratios well above regulatory requirements. Invested assets increased by 5.8% in the year as a result of the strong equity markets. Our bond portfolio makes up 57.6% of the portfolio and is well-diversified geographically and by sector with over 97% of bonds considered investment grade.

The Co-operators Group Limited

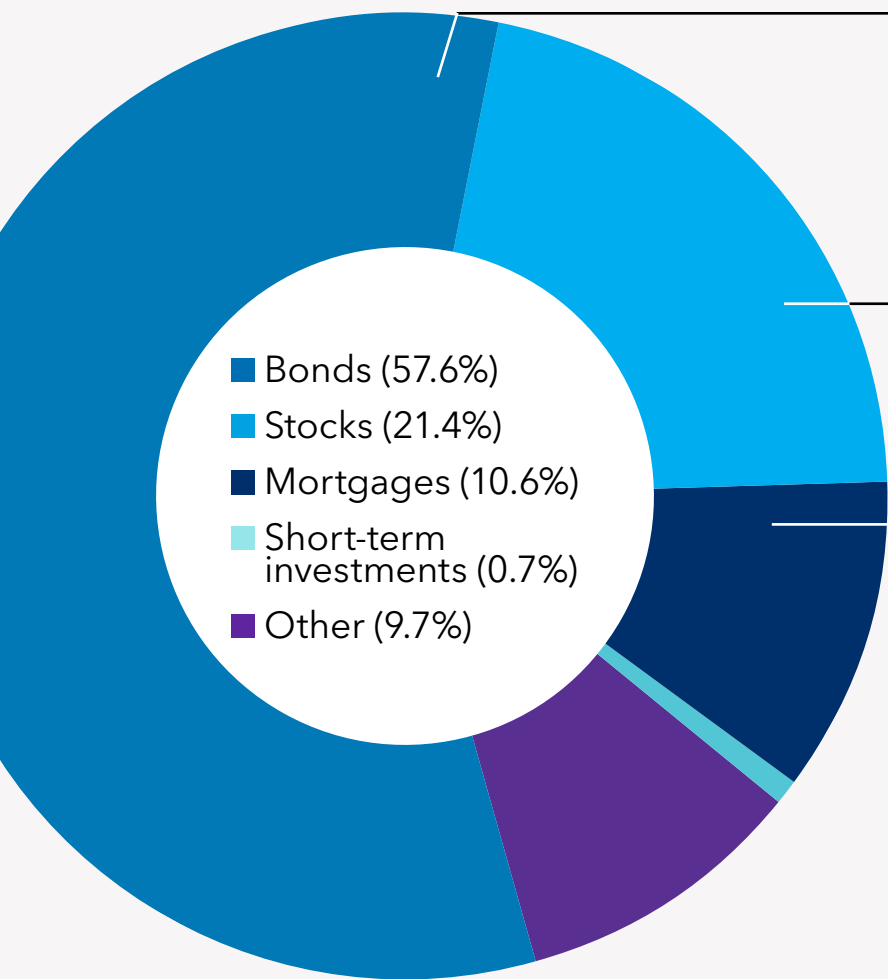
Summarized consolidated Balance sheet
As at December 31

(in millions of dollars)	2021	2020	2019
ASSETS			
Invested assets	12,478.4	11,789.9	10,647.4
Segregated fund assets	3,926.0	3,426.4	3,113.6
Other assets	4,236.2	3,664.2	3,230.0
Total assets	20,640.6	18,880.5	16,991.0
LIABILITIES			
Insurance and investment contract liabilities	10,471.9	9,868.7	8,843.5
Segregated fund liabilities	3,926.0	3,426.4	3,113.6
Other liabilities	1,638.1	1,623.2	1,382.4
Total liabilities	16,036.0	14,918.3	13,339.5
EQUITY			
Member equity	3,423.0	2,851.3	2,567.5
Participating policyholder account equity	971.8	907.6	886.2
Non-controlling interests	209.8	203.3	197.8
Total equity	4,604.6	3,962.2	3,651.5
Total liabilities and equity	20,640.6	18,880.5	16,991.0

Invested asset mix

We invest our assets responsibly for our stakeholders.

How we invest our assets influences our financial stability, as well as our investment returns. Bonds make up the majority of our asset portfolio, which have a lower risk profile relative to 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	20.1%	BBB	15.2%
AA	36.0%	Below BBB	2.1%
A	26.1%	Not rated	0.5%

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

Canadian	48.9%	U.S.	14.0%
Canadian Preferred	28.2%	International	8.9%

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

Loss ratio of 0.0% over the last five years.

Ratings

External rating agencies rate our companies and recognize our strong capital position. In December 2021, A.M. Best upgraded CGIC's and Sovereign's financial strength ratings and issuer credit ratings to A/A from A-/a-. This upgrade reflects the P&C Operations' and the overall group of companies' balance sheet strength and the strategic importance of the P&C Operations to the group. Also in December, DBRS upgraded CFSL's and CGIC's outlook to positive from stable. The outlook assesses the potential direction of a rating over the intermediate term. Consideration is given to any changes in economic and/or fundamental business conditions. All ratings are investment grade (BBB-/bbb- or better). [Information on Issuer Credit Rating and Financial Strength Rating can be found at cooperators.ca.](https://www.cooperators.ca/information-on-issuer-credit-rating-and-financial-strength-rating)

Capital tests

We help provide financial security when times get tough.

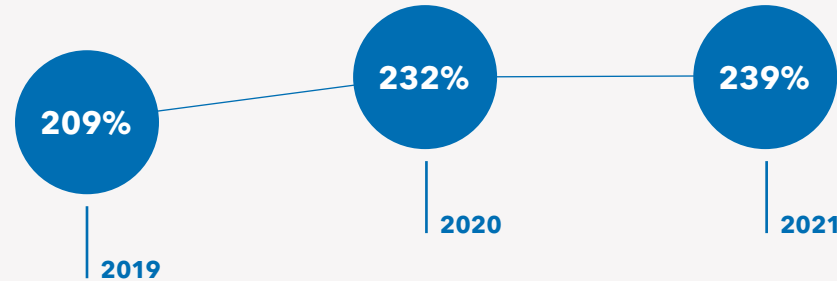
“With our strong capital position, we are in a better position to face the risks that come with continued uncertainty. Our solid financial footing means we can provide financial security for members, clients and communities in the future.”

—Andrew Yorke, Vice-President and Chief Risk Officer

We continually preserve sufficient capital to allow us to fulfil our promises to our clients through changing circumstances, to meet regulatory and rating agency expectations, and to pursue business opportunities as they arise. In 2021, this aspect of our planning was critical to our continued stability. At year end, we remain well-capitalized and strongly positioned to face future uncertainty.

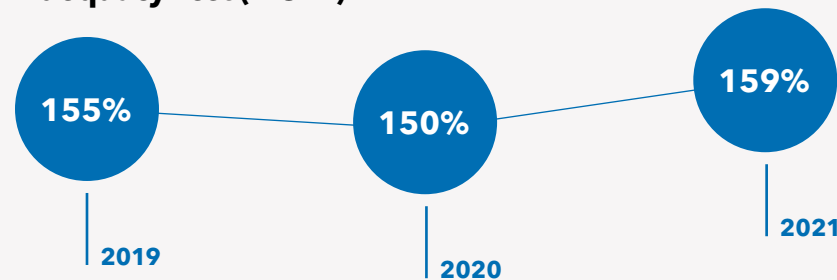
Note: The Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT) are ratios we calculate and monitor to ensure we have sufficient capital to support our regulated businesses. The MCT applies to property and casualty insurers (CGIC Consolidated), and the LICAT applies to life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

Co-operators General Insurance Company Consolidated Minimum Capital Test (MCT)



The Office of the Superintendent of Financial Institutions Supervisory MCT
Target: 150%

Co-operators Life Insurance Company Consolidated Life Insurance Capital Adequacy Test (LICAT)



The Office of the Superintendent of Financial Institutions Supervisory LICAT
Target: 100%

We manage risk through a robust and continuous process.

We continuously and effectively balance the risk-reward trade-off of our enterprise, while remaining consistent with our co-operative vision and values. This preserves our ability to thrive within our overall appetite for risk. To do so, we use sophisticated modelling to support decision-making in setting risk-based capital targets, which are essential to our strength and our clients' financial security. We view risk management as a shared responsibility of all business lines and all employees across our co-operative.

Our enterprise risk management program

Our enterprise risk management team undertakes an annual structured and integrated assessment to independently identify key risk factors that may impact our ability to achieve our strategic goals. The results and discussions that stem from this assessment inform our business and strategic planning processes, operations and decision-making. In addition, with the support of our capital modelling team, we annually evaluate our capital management plans alongside our evolving risk profile to ensure we have appropriate capital levels to responsibly manage the risks we accept.



Risk management and analysis

We manage and anticipate risks, to prepare for an uncertain future.

To understand and prepare for the risks and opportunities in the world around us, we follow a rigorous process. Effective risk management lets us transform our strategy, operations and decision-making to meet the needs of our members, clients and communities; not just today, but long into the future.

How we define our risk appetite

Our risk appetite defines the types and amount of risk we are willing and able to responsibly accept, while earning an appropriate return and fulfilling our strategic goals. It describes the risks we will avoid, the risks we are prepared to assume and the limits we place on assumed risks. We develop and establish our risk appetite through a dynamic and iterative process of ongoing dialogue across our organization.

Our risk universe

We categorize the top risks we monitor and manage through our risk universe.

Risk type

Top risk in 2021

Investment and financial risks

Includes credit risk, market fluctuations in terms of equity markets, interest rates and foreign exchange, and liquidity risk.

Equity market correction

As a co-operative, we have limited access to capital. It's imperative that our capital is both protected and working as efficiently as possible. An equity market correction could have a negative impact on our capital levels and our regulatory capital ratios. We continue to monitor and evaluate our equity market risk tolerance and bond portfolio impacts from rising interest rates in an inflationary environment. Our management team is prepared to execute a variety of mitigating strategies as needed to protect against the potential downside risk to our regulatory capital ratios.

Insurance risk

Includes risk of financial loss from claims and/or paid benefits that are higher than expected when initially priced. This includes exposure to catastrophic perils that would impede our ability to do business, including climate-related catastrophes. It also includes risks related to our life, health and travel insurance lines of business.

Extreme weather and climate change

As the climate crisis grows, we face increasing risk that our property insurance products fail to remain affordable over the long term. This may impact our ability to offer innovative and sustainable insurance solutions in the future. To mitigate against this possibility, we continue to advocate for the importance of addressing climate-change risks. Our Climatic Hazards and Advanced Risk Modelling (Charm) team has made significant investments in research and development to provide strategic insights based on advanced modelling and analytics, including the quantification of our portfolio accumulations across regions.

Rising inflation risks

Inflation is detrimental to P&C claim costs, particularly in this pent-up demand environment where property insurers are paying much higher settlement amounts as a result of building materials and supply constraints relative to the general Consumer Price Index.

Operational risk

Includes risks to business continuity and resilience, risks stemming from global issues, risks associated with executing on projects effectively, risks of legal and regulatory compliance, risks associated with technological gaps and data security, and more.

Future of Work

We face uncertainties around the new hybrid workplace model, particularly when it comes to how we will foster a growing resilient and agile workforce that embraces transformational change and aspires to a continuous improvement mindset. This includes setting efficient processes, enabling technology and overcoming project management complexities.

Strategic risk

Includes risks of not understanding client preferences and behaviours, risks posed by changes in the competitive market, and risks presented by business landscape changes.

Shifting client preferences and behaviours

Social expectations for products, services and digital purchasing preferences are shifting quickly and significantly. This shift is driving an accelerated pace of technological change and product/service re-design. If we fail to adequately respond to these transformational changes, it could inhibit our ability to deliver on our strategic priorities.

We engage in regular dialogue with our key stakeholders throughout the year to understand and respond to issues that are important to them, and to ensure our strategy and plans adequately anticipate, address and solve for these challenges. We have committed significant resources to developing the service tools to be a leader in client engagement.

Reputation risk

Includes risks resulting from activities, decisions or actions that impair our integrity in the community.

Cyber security risk

The evolving nature of sophisticated cyber attacks globally are growing, putting us at increased risk if we fail to stay current in addressing vulnerabilities. Data privacy breaches could result in disruption to our clients and impact our organization materially through both financial losses and reputational impacts.

In recent years, we've made a significant investment to modernize our technology platforms and protect against cyber vulnerabilities, while leveraging new technologies to provide a much higher level of service, adaptability and affordability for our clients. We have partnered with leading cyber security firms, which give us real-time access to cyber threat intelligence blogs, feeds and regular dialogues to discuss threat actors and activity. Our Center for Security Operations integrates this intelligence into our incident and activity monitoring tool for prevention, early detection, and to strengthen our mitigating response strategies.

Report materiality process

We engage with key stakeholders to connect with what matters.

Throughout the year, we stay in touch with the people, organizations and institutions that are most integral to our purpose.

Key stakeholder	How we engage them
Our clients: Canadians and Canadian businesses, co-operatives, community-based and non-profit organizations.	Surveys, focus groups, usability studies and our Community Advisory Panel.
Our members: The co-operatives, credit union centrals, representative farm organizations and other like-minded organizations who govern us.	Annual general meeting, region committee meetings, surveys, and in-person and virtual meetings.
Employees: The people we employ across the country.	Employee surveys, town halls, intranet, internal social platforms and focus groups.
Financial Advisors and their staff: The people who serve our clients in communities across Canada.	Town halls, annual sales congresses, surveys, webinars and in-person and virtual meetings.
Communities and community partners: The people and places that connect our key stakeholders.	Surveys, research, events, speaking engagements, forums, in-person and virtual collaborations, and our Community Advisory Panel.
Government and regulators: Elected and non-elected decision makers who legislate and regulate our industry.	Agenda-setting, meetings and consultations, advocacy and industry associations.

How we validated priority reporting issues with key stakeholders in 2021

We conducted surveys with members, clients, employees, Financial Advisors and others to validate material reporting issues. This helped us determine what information to include in our Integrated Annual Report.

We also held a special Community Advisory Panel meeting with 45 community members across Canada to gain feedback and insights.

From these surveys and engagement points, we found the following topics were of particular importance to our stakeholders in 2021.

- Our financial performance
- Sustainable investing
- Diversity and inclusion
- Innovation
- Future insights

Priority reporting issues validation process.

In 2019, to determine the material reporting issues for our Integrated Annual Report, we identified key stakeholders to prioritize, validate and analyze the issues that mattered most to our organization. Through research and internal consultation, we uncovered the primary issues and concerns that were most relevant to The Co-operators Group Ltd. for reporting purposes. We then mapped and prioritized our findings and tested them against information gathered from our stakeholders to identify any gaps. Through internal and external interviews and surveys, we engaged with our stakeholders and their proxies to identify and validate our material reporting issues. We then applied criteria to prioritize the ranking of top material reporting issues and obtained senior management review and input.

Top priority reporting issues

1. Client and member financial security and resilience

How we support our clients and members to help them achieve prosperity and resilience in a world of increasing uncertainty and volatility, including financial literacy and planning, and access and affordability of insurance, to protect against evolving risks.

2. Climate change and the low-carbon transition

How we respond to the causes and impacts of climate change, through climate mitigation and resiliency efforts, risk management processes, investments, carbon footprint, advocacy and climate-related disclosures.

3. Workforce engagement, development and well-being

How we engage and protect the mental, emotional and physical well-being of our employees and Financial Advisors, and how we engage, attract, retain and develop an inclusive and diverse talent pool.

4. Innovation and digital trust

How we embed innovation within our business and culture, from change management, products and services, and responses to emerging business models and global trends. How we maintain clients' trust through increased interaction within digital markets and new technologies.

5. Investing for positive impact

How we use our capital to help build environmentally, socially and financially resilient communities for future generations through our sustainable and impact investing decisions.

6. Community resilience, development and well-being

How we contribute to the resilience, development and well-being of our communities amid increasingly volatile environmental, social and economic conditions.

7. Financial performance and competitiveness

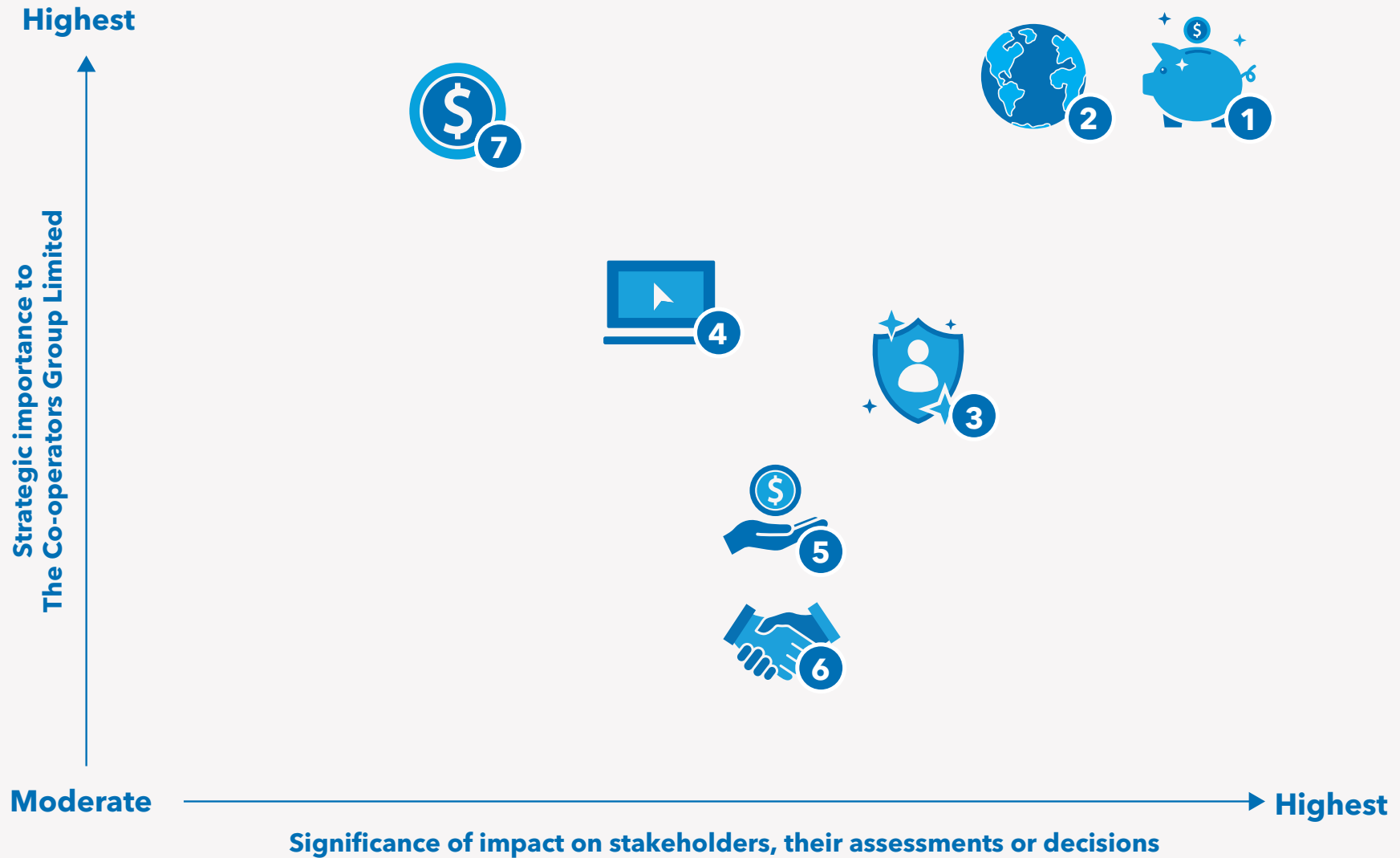
How we ensure the financial health, resilience and competitiveness of our organization, and the steps we take to deliver value and returns to our members, while ensuring the efficiency, competitiveness and sustainability of our business.

Additional priority reporting issues

- Sustainable practices and operational impacts
- Diversity, inclusion and equal opportunity
- Client and member experience and satisfaction
- Stakeholder trust and relationships
- Co-operative identity and our democratic governance structure

Reporting issues.

In 2019, we underwent a process to prioritize, validate and analyze the material reporting issues that matter most to our stakeholders and our organization.



About The Co-operators Group Limited

We're a group of companies that provide financial strength and security.

As a leading Canadian financial services co-operative with \$64.6 billion in assets under administration, The Co-operators Group Limited provides property and casualty (P&C) insurance, life insurance, investment management, institutional asset management and brokerage operations.

Our group of companies

Learn more about our group of companies and how we meet the needs of clients across the country.

Addenda Capital Inc.

Provides discretionary investment management services to a wide range of organizations, as well as the companies of Co-operators Group Limited.

Co-operators General Insurance Company

Provides Home, Auto, Farm, and Commercial insurance across Canada and distributing Life insurance and Wealth Management products for Co-operators Life Insurance Company.

Co-operators Life Insurance Company

Provides Life and health insurance, as well as wealth management products for individuals and groups across Canada.

Co-operators Financial Investment Services Inc.

Distributes third-party mutual funds through our exclusive Financial Advisor network across Canada.

CUMIS General

Provide insurance-related products and services, including Travel insurance, for Canadian credit unions, caisses populaires and their members.

Duuo

Provides a growing variety of on-demand insurance solutions.

Federated Agencies Limited

Provides personal, commercial and financial services products for strategic business partners.

Technicost

Provides credit software solutions to credit unions across Canada.

The Edge Benefits Inc.

Provides simplified disability insurance products to Canadians, with a focus on the self-employed marketplace.

The Premier group of companies

Offers professional liability, specialty casualty, and general property coverage through a network of brokers.

The Sovereign General Insurance Company

Provides tailored risk solutions for Canadian business through multiple distribution channels.

We meet the needs of a wide range of clients.

We offer a holistic suite of financial and insurance solutions and advice uniquely tailored to an array of Canadians and Canadian organizations.

We insure



883,000

homes



1.5 million

vehicles



230,000

employees and their dependants

We protect



658,000

lives



501,000

Canadians through Creditor Life insurance

We manage the investments of



172

institutions and individual investors,



with assets valued at over

\$40.0 billion

We provide coverage for



42,000

farms



285,000

businesses

We serve



221

credit unions



5.3 million+

credit union members

We help Canadians plan their financial futures



52,000

wealth accounts

Additional information about our workforce

Our employees are our greatest strength.

The people we employ in our group of companies are essential in bringing our strategy to life, and they work from communities across the country to meet the needs of our members, clients and communities.

Number of full and part time employees by province

Northwest Territories:
full time 2 / part time 0

Yukon Territory:
full time 1 / part time 0

British Columbia:
full time 284 / part time 18

Alberta:
full time 655 / part time 26

Saskatchewan:
full time 626 / part time 23

Manitoba:
full time 44 / part time 2

Ontario:
full time 3681 / part time 45

Quebec:
full time 532 / part time 23

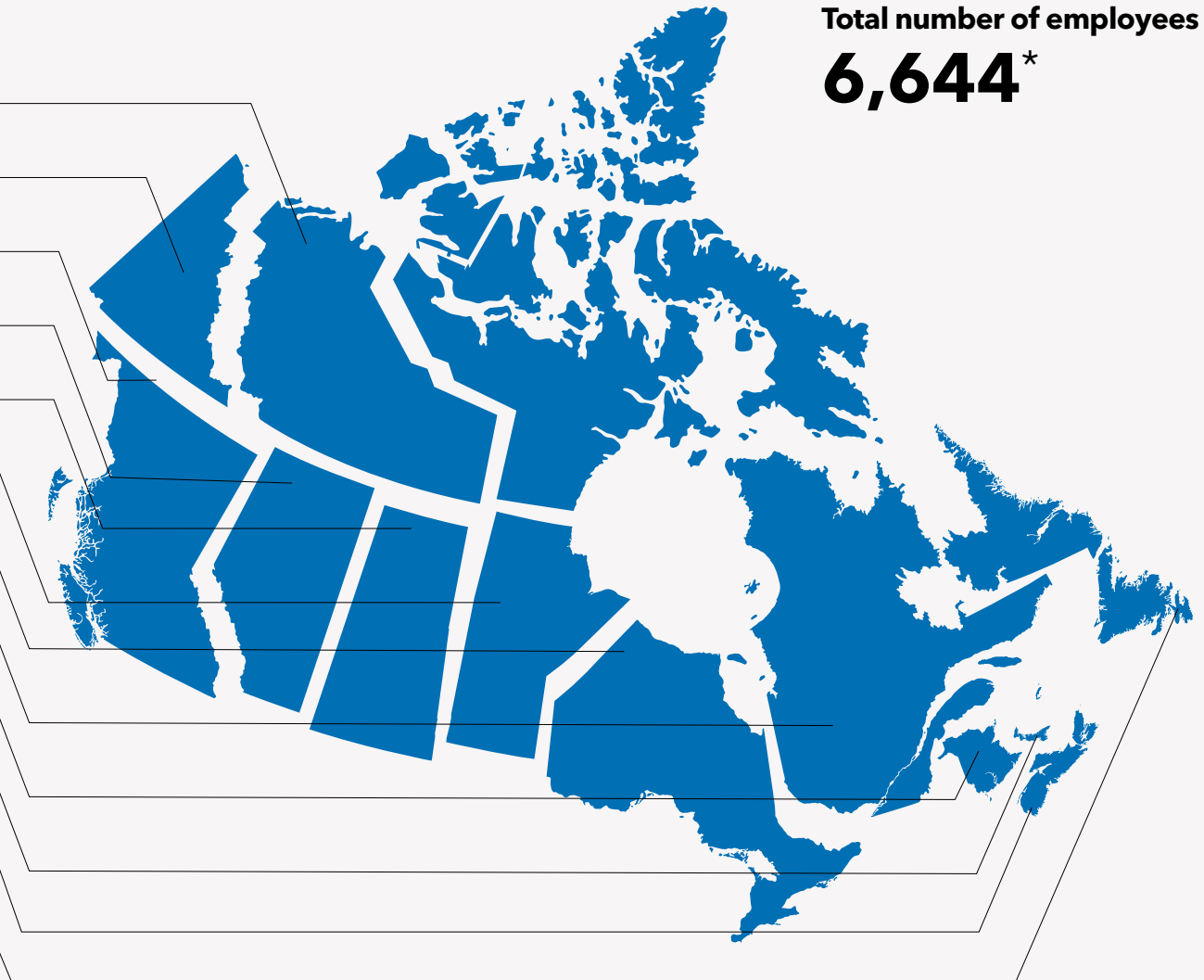
New Brunswick:
full time 549 / part time 5

Prince Edward Island:
full time 7 / part time 0

Nova Scotia:
full time 56 / part time 0

Newfoundland and Labrador:
full time 63 / part time 2

Total number of employees
6,644*



*Includes employees of 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.

Public Accountability Statement

Our 2021 Integrated Annual Report provides our key stakeholders 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 some of our larger regulated companies owned by The Co-operators Group Limited, including:

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

[For more information on these organizations, visit cooperators.ca.](https://www.cooperators.ca)

The information, data and content 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 Co-operators ownership interest. These organizations include: Aviso Wealth Limited Partnership; AZGA Service Canada Inc.; Co-operators Financial Investment Services Inc., CU Agencies Alliance Ltd.; Duuo Insurance Services Inc.; Premier group of companies; Les Systemes de gestion; Technicost Inc.; The Edge Benefits Inc.; and UNIFED Insurance Brokers Limited.

COSECO Insurance Company was amalgamated into Co-operators General Insurance Company and CUMIS Life Insurance Company was amalgamated into Co-operators Life Insurance Company as of December 31, 2021. Following the amalgamations both entities ceased all operations.

Our Integrated Annual Report captures the activities of The Co-operators Group Limited and its major subsidiaries, unless otherwise stated, for the 2021 calendar year.

[This report can be found in English and French at integratedreport.cooperators.ca.](https://www.cooperators.ca)
[To obtain a printed copy, or for more information, email us at service@cooperators.ca.](mailto: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. The specific measures and statements that were included in the data integrity assessment completed by internal audit were based on a risk ranking. We incorporate our internal audit department'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.

2021 taxes paid/payable (recovered/recoverable)¹ (in thousands of Canadian dollars)

	Income and capital taxes	Premium taxes	Total
Federal	104,860	0	104,860
Provincial			
Alberta	11,849	41,260	53,109
British Columbia	5,572	13,239	18,811
Manitoba	1,025	3,209	4,234
New Brunswick	2,517	3,932	6,449
Newfoundland and Labrador	3,113	7,259	10,372
Nova Scotia	2,679	5,842	8,521
Ontario	45,382	69,887	115,269
Prince Edward Island	871	1,591	2,462
Quebec	5,761	8,957	14,718
Saskatchewan	2,258	7,470	9,728
Territories	382	856	1,238
Total Provincial	81,409	163,502	244,911
Total	186,269	163,502	349,771
Other taxes²			108,136
Total taxes paid/payable (recovered/recoverable)			457,907

¹All amounts may contain accrued tax estimates.

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

2021 debt financing

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

	Number of authorizations	Authorized
\$0 to \$24,999	12	\$76,041
\$25,000 to \$99,999	3	\$193,872
\$100,000 to \$249,999	8	\$1,436,313
\$250,000 to \$499,999	16	\$6,693,050
\$500,000 to \$999,999	28	\$20,192,718
\$1,000,000 to \$4,999,999	64	\$146,691,341
\$5,000,000 and greater	20	\$156,092,583
Total	151	\$331,375,918

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

Supplementary Disclosures

- Governance disclosures
- Co operators Management Group profiles
- Co operators Sustainability Policy
- UNEP FI Principles for Sustainable Insurance annual disclosure of progress
- Our carbon footprint
- Carbon footprint of our investment portfolios
- Sustainability related insurance and wealth products and services
- Ethics and privacy
- Sustainable investing and impact investing policies
- Credit ratings
- Workforce disclosures
- Memberships, affiliations and partnerships

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Available in French ~ Disponible en français
Released May 09, 2022 | COR1002 (05/22)

