

NAVIGATION

Introduction

1. We are an alternative to business as usual
2. We are there for clients
3. We are catalysts for positive change
4. We are driven to stay competitive
5. Supplementary Disclosures

Appendices

2017 Integrated Annual Report

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The Co-operators

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The Co-operators

The Co-operators Group Limited is a leading Canadian multi-line insurance and financial services co-operative. Our integrated subsidiary companies provide solutions in four core areas: property and casualty (P&C) insurance, life insurance, institutional asset management and brokerage operations.

We are driven to provide financial security and peace of mind to meet the evolving needs of Canadians and their communities.

By the numbers

\$48.5 billion in assets under administration
This includes assets under management from our clients' institutional investments, our Wealth Management products and our company assets.

43 member organizations*
5,044 employees**
2,820 licensed insurance representatives, including
512 exclusive Financial Advisors
643 retail outlets

Insures:
843,000 homes
1.3 million vehicles
220,000 employees through Group Benefit plans
Protects **692,000** lives

Provides coverage for:
39,000 farms and **290,000** businesses
Provides Creditor Life insurance to **597,000** Canadians
Manages assets for **151** institutions including pensions, insurance companies, co-operatives, endowments, and foundations
Serves over **300** credit unions with more than
5.5 million members

Market share position in Canada:
4th largest share of the P&C market
9th largest share of the life insurance market

**The Co-operators Group Limited has 43 member organizations that govern our organization. For more, see page 12.
**Includes employees from Premier group of companies and The Edge Benefits Inc. Non-financial reporting items for these entities have not been included in this report, unless otherwise noted.*

What we do

The Co-operators Group Limited is the co-operative parent company of Co-operators Financial Services Limited. This Canadian holding company consolidates all of our insurance, brokerage and investment management operations.



Protecting Canadians' homes, automobiles, farms and businesses
[Co-operators General Insurance Company](#)



Protecting Canadians' lives, well-being and financial prosperity
[Co-operators Life Insurance Company](#)



Protecting Canada's credit unions and their members
[The CUMIS Group Limited](#)



Providing specialized protection for businesses and individuals
[Premier group of companies](#)
[The Sovereign General Insurance Company](#)



Providing benefits to self-employed individuals
[The Edge Benefits Inc.](#)



Protecting employees through group benefits
[Co-operators Life Insurance Company](#)
[COSECO Insurance Company](#)
[HB Group Insurance Management Ltd.](#)



Growing and protecting our clients' money
[Addenda Capital Inc.](#)
[Credential Financial Inc.](#)



Providing specialized protection to Canadians
[Federated Agencies Limited](#)

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Creating value for members, clients and communities

This diagram depicts how The Co-operators creates value from inputs we receive from clients, members, investments and partnerships. These provide us with the information, awareness and financial strength we require to meet needs of clients and communities. Outputs — the value we create for clients, communities, employees, member organizations and the co-op sector at large — lead to increased growth and a strengthened relationship with our stakeholders. It’s a virtuous cycle dependent on our ability to listen to members’ and clients’ evolving needs and pay close attention to the issues and trends in our operating environment.

How we create value

Through the following activities, we work for the benefit of our members, clients, employees and communities.

We engage with our member organizations [\(page 11\)](#)

We provide Canadians with advice, protection, benefits, asset and wealth management [\(page 23\)](#)

We offer our clients choice in how they interact with us
A national network of Financial Advisors, brokers, contact centres, web and mobile interaction [\(page 36\)](#)

We are committed to state-of-the-art client service and claims handling [\(page 24\)](#)

We demonstrate leadership in advocacy [\(page 47\)](#)

We engage and invest in communities [\(page 42\)](#)

We are a “Best Employer” workplace [\(page 63\)](#)

We are dedicated to competitive operations [\(page 55\)](#)

Inputs Resources we need

- People and skills**
Time and talent
- Partnerships and relationships**
Ideas, insights, feedback and awareness of financial needs
- Insurance premiums and investment fees**
Revenue
- Infrastructure, institutions and vendor support**
Ability to maintain stable and efficient operations

Outputs Value we create: financial security for Canadians and communities

- Client prosperity and peace of mind
- Member benefits
- Community sustainability and resilience
- Support for the co-operative sector
- Employee and Financial Advisor compensation and enriching careers
- Government tax revenue
- Business partner income

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Chairperson, Board of Directors



“We are
enriched by a diversity of perspectives.”

The Co-operators vision affirms our co-operative character as a mark of distinction in the financial services industry. Guided by co-operative values and principles, we work to catalyze sustainability and champion Canadians’ prosperity and peace of mind. To help uphold this vision and govern us effectively, we routinely look to our member organizations.

As a co-operative, we are privileged with a unique advantage in the face of change and uncertainty: we are enriched by a diversity of member perspectives, backgrounds and insights. Our member organizations, who represent multiple sectors across this country, ultimately guide our decision-making and give meaning to our co-operative values. To ensure we continue to leverage their collective strength and perspectives, we are committed to connecting and engaging with our members throughout the year ([page 11](#)). Our Member Relationship Index of 93 per cent and Member Engagement Score of 90 per cent are strong indicators of our ability to do so effectively.

The Co-operators and its member organizations are part of a vibrant co-operative sector in Canada that contributes to the social, environmental and financial well-being of communities across the country. In support of this, The Co-operators became a lead investor and convener of the Canadian Co-operative Investment Fund, which was announced in 2017 to help provide financial security for co-operatives long into the future. You can read more about our support for the co-operative sector on [page 42](#).

To further strengthen our governance through diversification of perspectives, we are continuing efforts to increase the representation of women on the Board of Directors and within the pool of delegates, and saw progress towards this goal in 2017. The Board also recently expanded its focus on diversity to include diversity of skills for both directors and delegates ([page 16](#)).

2017 marks the second year that we have produced an Integrated Annual Report, which highlights our financial and non-financial performance as interdependent and interconnected with the world around us. We are now heading into the final year of our current four year strategy. As we face the future, there are undoubtedly great opportunities and challenges ahead. The Board of Directors and I have full confidence in The Co-operators ability to rise to these new challenges and opportunities.

As it has throughout its history, this organization will adapt and thrive, while staying true to its co-operative identity and the values that guide us forward.

Thank you for your interest.

A handwritten signature in black ink, appearing to read 'John Harvie'.

John Harvie
Chairperson, Board of Directors

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President and CEO

When I became president and chief executive officer, I had been with this great organization for almost 20 years. Throughout that time, much has changed, but The Co-operators mission has remained clear: we exist to provide financial security for Canadians and Canadian communities. Today, this purpose continues to successfully guide us in a rapidly changing world.

To deliver on our mission, we must remain disciplined in our client focus to stay competitive and grow our business. Our success enables us to provide prosperity and peace of mind for the people we serve through the products and services we offer, the community investments we make, and our advocacy. We are driven by the idea of profits for people.

Today, the world in which we operate is increasingly defined by change: some of it we can predict, and much is uncertain. The rapid pace of change and the increasing financial, social and environmental volatility in the world around us demand that we move forward strategically, efficiently and with a goal of agile and continuous improvement.

In 2017, we neared the final phase of our four-year strategy, which frames our performance in three priority areas: leading the industry in client engagement, living out our co-operative identity, and continued competitiveness ([page 21](#)). In 2017, we surpassed a milestone of serving one million client households, growth that is complemented by continued leadership in client satisfaction at the top of the industry ([page 38](#)). We continue to invest in our communities through advocacy and financial support, and are now investing 7.7 per cent of invested assets into “impact investments” that measurably address the world’s most pressing environmental and social challenges ([page 48](#)). Our financial position remains strong and the group of companies earned a net income after tax of \$237.3 million ([page 58](#)).

Nevertheless, there have been obstacles to overcome and we are focused on continuous improvement to achieve even greater results. These “key challenges” are highlighted throughout this report. Many involve a need to move faster and innovate processes and products to match the pace of change and anticipate future trends. In a world of volatility, we must stay closely attuned to emerging issues and trends, which we have identified on [page 69](#) of this report.

Understanding we are integrated with the changing world around us, we cannot solve the issues we face in isolation. And so, beyond being an insurance and financial services organization, The Co-operators is committed to acting as a convener of many sectors to help foster sustainable and resilient communities and contribute to transforming business as usual. Our co-operative business model positions us to work collaboratively to provide solutions for Canadians in good times and bad.

Thank you for reading.

Robert Wesseling

Robert Wesseling
President and Chief Executive Officer

“We are
driven by the idea of profits for people.”



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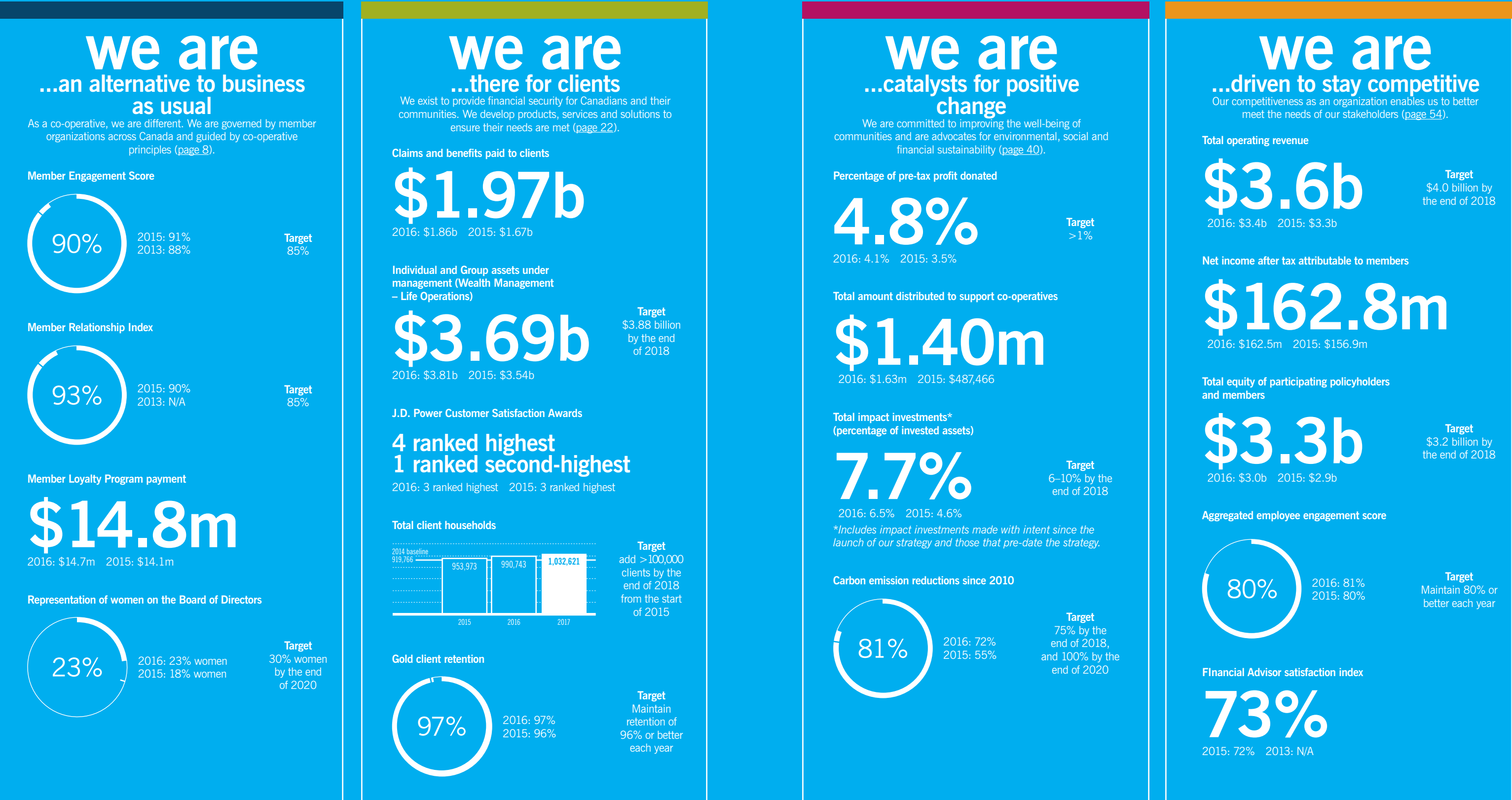
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Performance at a glance

This dashboard provides a snapshot of our financial and non-financial performance, in each of the key sections highlighted throughout this report. Through our governance, products and services, community investments and advocacy, and the competitiveness of our organization, we're demonstrating our ability to create value for clients and communities, members, employees and partners.



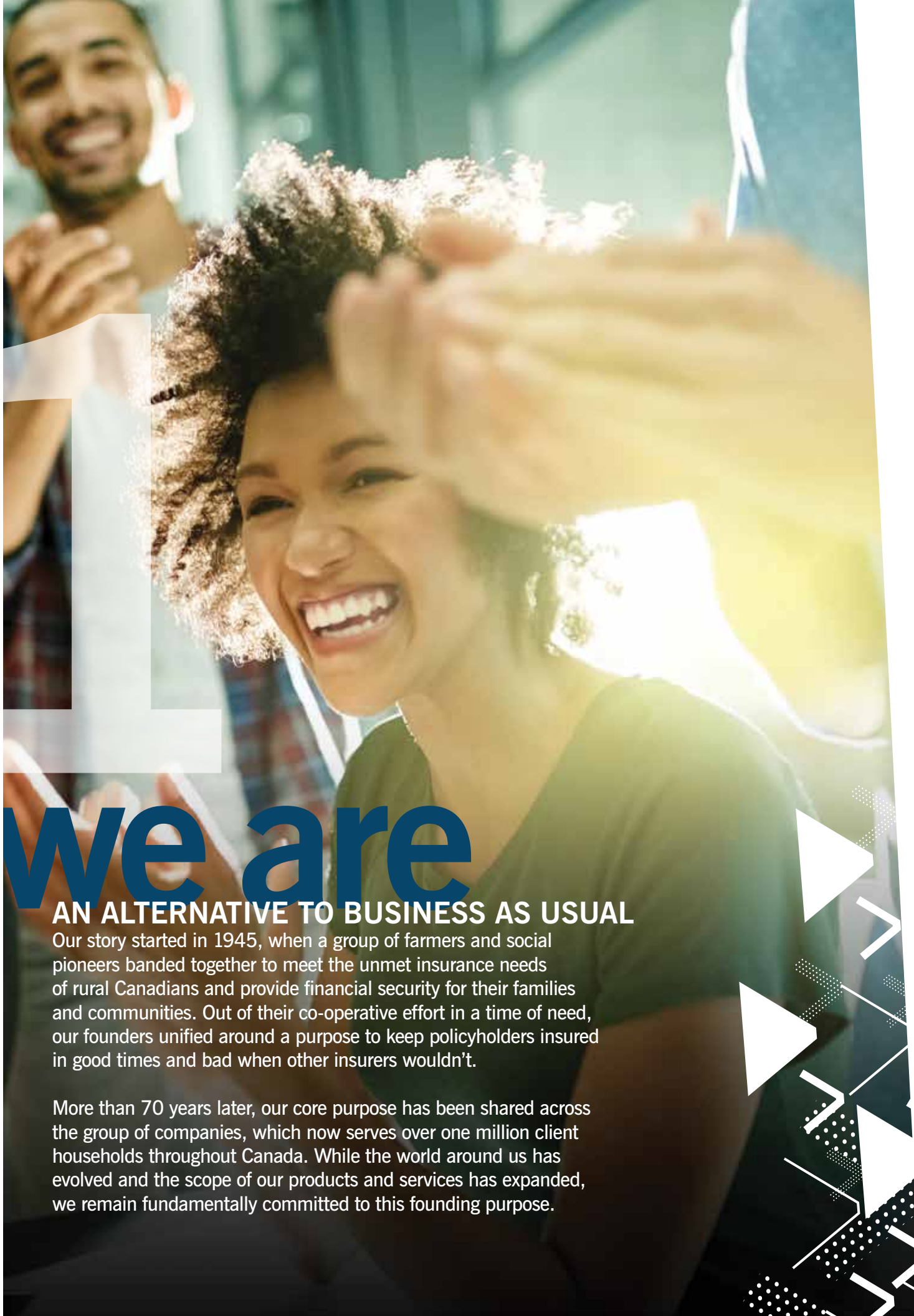
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AN ALTERNATIVE TO BUSINESS AS USUAL

Our story started in 1945, when a group of farmers and social pioneers banded together to meet the unmet insurance needs of rural Canadians and provide financial security for their families and communities. Out of their co-operative effort in a time of need, our founders unified around a purpose to keep policyholders insured in good times and bad when other insurers wouldn't.

More than 70 years later, our core purpose has been shared across the group of companies, which now serves over one million client households throughout Canada. While the world around us has evolved and the scope of our products and services has expanded, we remain fundamentally committed to this founding purpose.

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Shaped by our mission, vision and values

As a co-operative, we aren't driven solely to maximize profits for shareholders, unlike many of our competitors. Instead, we aspire to grow and be profitable to benefit the people and communities we serve. We think of this as profits for people. This difference is reflected in our day-to-day operations, products and services.

Our mission

Financial security for Canadians and their communities

We operate in a world of rapid change and are driven to protect the financial prosperity and peace of mind of present and future generations. We examine issues in the world around us through the lens of how they may affect the short and long-term needs of our clients, and seek to do the right thing while ensuring the business case is strong.

Our vision – to be valued by Canadians as:

A champion of their prosperity and peace of mind

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

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

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

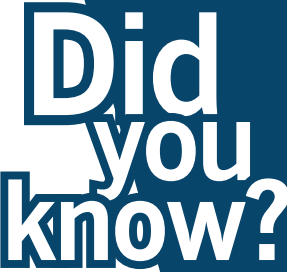
A catalyst for a sustainable society

Environmental and social values coexist alongside financial prosperity. By embedding sustainability into all we do, we can be a catalyst by actively convening and collaborating with others working towards a sustainable future.

Statement of values

At The Co-operators, we:

- > strive for the highest level of integrity
- > foster open and transparent communication
- > give life to co-operative principles and values
- > carefully temper our economic goals with consideration for the environment and the well-being of society at large
- > anticipate and surpass client expectations through innovative solutions supported by mutually beneficial partnerships



The Co-operators Group Limited owns all of our insurance, brokerage and investment management companies. These subsidiary companies, while not co-operatives themselves, are governed by our common co-operative principles described on [page 10](#). One of our companies has publicly traded preferred shares and is subject to the same regulatory and disclosure requirements and rigours faced by publicly traded companies. This diversified structure improves financial strength and resilience over the long term.

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Committed to global co-operative principles

We uphold and operate under the seven global co-operative principles outlined by the International Co-operative Alliance, which help guide our decision-making. These principles unite us with other co-ops in a global movement of organizations connected to their communities and members. Read more about how we bring these principles to life.

Co-operative principle	What it means to us
1 Voluntary and open membership	Our members choose to apply and stay with the organization, provided requirements are met and a mutually beneficial relationship is maintained.
2 Democratic member control	Members govern us through the democratic principle of “one member, one vote” (see page 14).
3 Member economic participation	Our members purchase a membership share and through their patronage and governance of the organization benefit in our success under our Member Loyalty Program (see page 11).
4 Autonomy and independence	We are an autonomous organization, governed by independent members that hold shared values and many of whom abide by co-operative principles.
5 Education, training and information	We’re focused on continuous improvement and promoting lifelong learning throughout the organization, with dynamic education programs for employees, directors and delegates (see page 17).
6 Co-operation among co-operatives	We are strong advocates for the co-operative sector in Canada and internationally. We partner with and promote co-operatives to support the well-being of Canadians and their communities (see page 42).
7 Concern for community	We invest in communities and are advocates for social, financial and environmental sustainability (see page 44).

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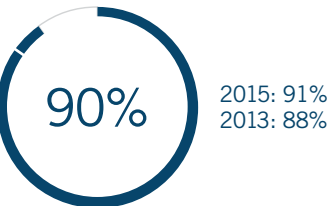
Engaging member organizations

We engage and stay connected with member organizations through regular in-person region and annual meetings, the products and services we offer, partnerships and one-on-one annual business reviews. We share knowledge, skills, strategies and best practices on co-operative governance, risk management, sustainability and overall business strategies to strengthen one another’s operations. We assess our performance through a biennial Member Relationship Survey.

Performance snapshot

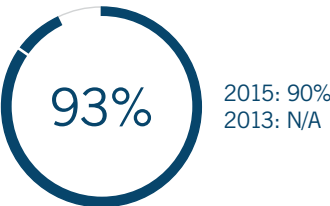
Member Engagement Score

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



Member Relationship Index

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



Member Loyalty Program

An annual program that provides a payout to our member organizations.



2017 highlights

- > We introduced the *Governance Outlook* e-newsletter to discuss governance trends and best practices with members. The inaugural issue focused on representation of women on the Board; subsequent issues discussed cyber risk and risk management.
- > We achieved a 90 per cent Member Engagement Score and 93 per cent on the Member Relationship Index. Every two years, we conduct a Member Relationship Survey, which helps assess our ability to meet member needs and offers insights into how best to continue fostering mutually beneficial relationships. In 2017, 100 per cent of members completed this survey.
- > We rewarded member organizations through our Member Loyalty Program for doing business with us and actively participating in our governance processes. Subject to an annual approval process, this program returns a portion of our annual pre-tax profits to members, which in 2017 amounted to 8.7 per cent, or a total of \$14.8 million. Since inception, this program has distributed \$144.6 million to member organizations.

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Governed by our member organizations

The Co-operators is a Canadian insurance and financial services co-operative with 43 members, including co-operatives, credit union centrals and representative farm organizations. These members are composed of millions of people across Canada. Together, we've built a strong, stable and growing national co-operative that delivers broad benefits to clients, communities, members and the co-operative and voluntary non-profit sectors. These stakeholders keep us oriented, first and foremost, to our purpose and the people we serve.

Member organizations by region

British Columbia

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

Alberta

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

Saskatchewan

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

Manitoba

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

[†]Multi-region

Ontario

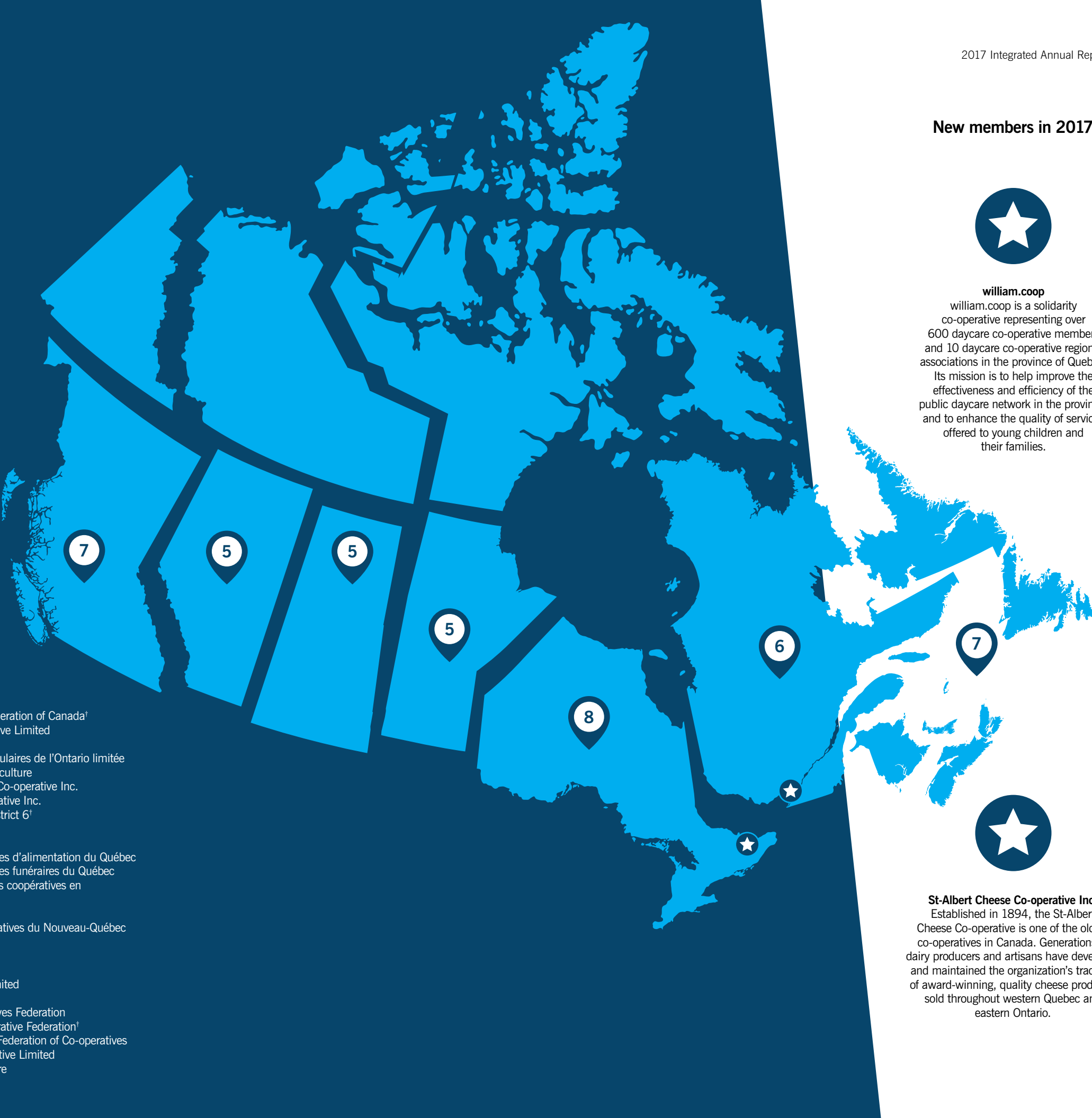
- > Co-operative Housing Federation of Canada[†]
- > Gay Lea Foods Co-operative Limited
- > GROWMARK, Inc.
- > L'Alliance des caisses populaires de l'Ontario limitée
- > Ontario Federation of Agriculture
- > Ontario Organic Farmers Co-operative Inc.
- > St-Albert Cheese Co-operative Inc.
- > United Steelworkers – District 6[†]

Quebec

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

Atlantic

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



New members in 2017



william.coop
william.coop is a solidarity co-operative representing over 600 daycare co-operative members and 10 daycare co-operative regional associations in the province of Quebec. Its mission is to help improve the effectiveness and efficiency of the public daycare network in the province, and to enhance the quality of services offered to young children and their families.



St-Albert Cheese Co-operative Inc.
Established in 1894, the St-Albert Cheese Co-operative is one of the oldest co-operatives in Canada. Generations of dairy producers and artisans have developed and maintained the organization's tradition of award-winning, quality cheese products, sold throughout western Quebec and eastern Ontario.

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Member engagement

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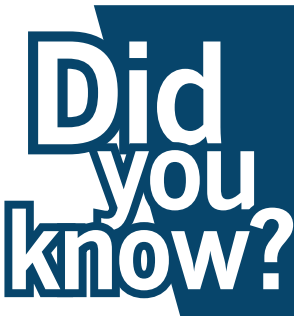
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Distinct in our co-operative governance

Our 43 member organizations appoint a total of 122 delegates who nominate and elect our 22-member Board of Directors through a “one member, one vote” democratic principle. The 22 directors of The Co-operators Group Ltd. are independent from management and operation of the business, and there is no link between director compensation and the group of companies’ performance. For the full profiles of our directors and board committees, [refer to the Appendices online](#).

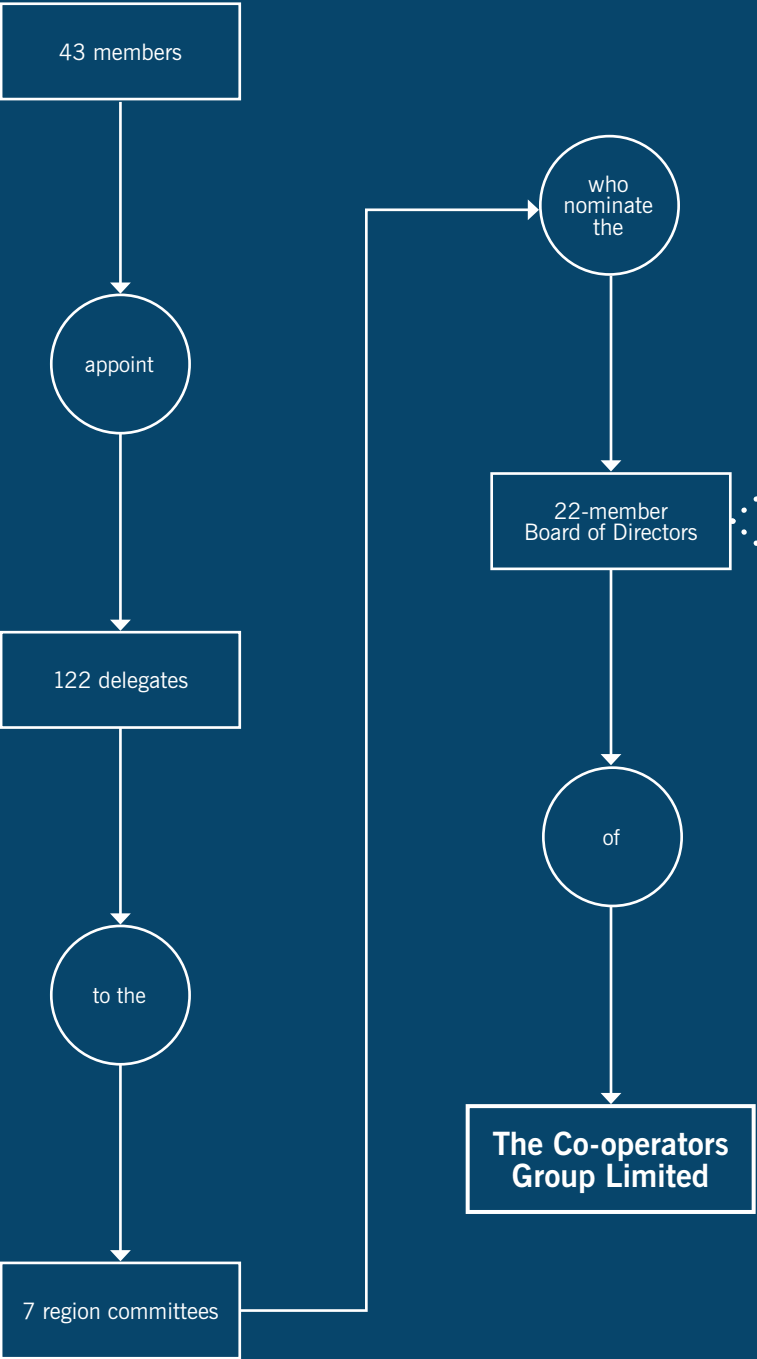


- > Our governance is distinct from most financial services organizations, which assign control and voting power based on the number of shares owned. Through the principle of “one member, one vote”, our member organizations make decisions that influence how we conduct our business and provide products, services and solutions that meet the needs of Canadians.
- > At 22 directors, our Board is larger than most in the financial services industry. This is an advantage when it comes to reflecting diversity at the board table. Directors represent seven regions across Canada, are inclusive of multiple sectors, skills and experiences, and reflect a nuanced understanding of clients, members and communities we serve.

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Our democratic structure



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

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

Board composition

- 22 directors
- 5 Women
 - 1 Visible Minority
 - 1 Person of Aboriginal origin
 - 7 French-speaking
 - Ranging in age from 47 to 73
 - 7 Regions represented
(British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Atlantic)

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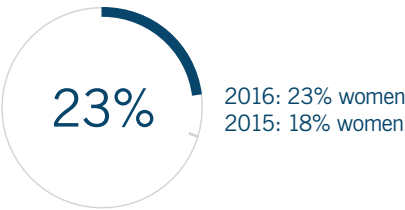
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Broadening the perspectives of our Board

The Co-operators recognizes and values the benefits of having a diverse Board of Directors and considers diversity a key driver of our co-operative identity, competitiveness and governance strength.

Performance snapshot

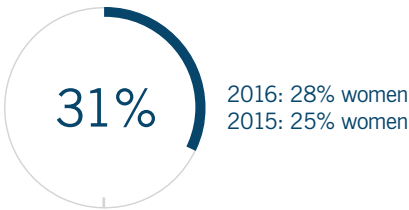
Representation of women on the Board of Directors



Target: 30% women by the end of 2020*

Industry average: 29.5%**

Representation of women in the pool of delegates



Target: 50% women

*In the long term, we aspire to have gender parity on the Board of Directors
**Source: PhaseNyne: Annual Report Card™ 2017

2017 highlights

The Co-operators definition of diversity encompasses age, ethnicity, culture, gender, geographic and sectorial representation, and skill. The Board of Directors has identified both the representation of women and diversity of skills as current priority areas of focus. We are taking steps to improve board diversity, in part, by:

- > increasing the representation of women in our governance through the Representation of Women on the Board policy, including encouraging member organizations to appoint at least one woman of its two delegates and to consider our targets when nominating and electing directors
- > assessing and strengthening the diversity of skills of both directors and delegates, through our Director Skills Matrix and the development of a Delegate Skills Matrix (described on [page 17](#))
- > discussing board diversity and related goals in member annual review meetings
- > developing a Delegate Diversity Annual Report Card to create a baseline to track and monitor progress, and inform new tactics and decision-making
- > identifying and implementing programs and initiatives such as the 2017 Women's Delegate Forum to promote and support the advancement of women within our governance structure.

Key challenge

Greater representation of women in our governance structure

The gap in gender representation is reflective of a concerning and systemic issue of gender inequality in business and broader society. This affects The Co-operators as a democratically governed organization. The Co-operators is strongly committed to influencing greater representation of women in our governance structure through a variety of tactics to promote and support member engagement on this issue.

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Strengthening our governance

🕒 2017 highlights

The skills, knowledge and experience of our directors enable the Board to govern the organization effectively. We continuously improve governance health and effectiveness through:

- > **The Director Skills Matrix**, which highlights the skills, knowledge and experience on the Board. It informs director nomination and election processes, how committees are populated, and Board and individual director professional development efforts.
- > **Our “Learning Pathway” for director and Board development.** In 2017, we commenced a learning pathway for director development that holistically examines all director and Board education activities for a customized learning experience. This approach maintains focus on core competencies while offering new, customizable approaches to learning. Individual directors also have access throughout the year to education and information sessions in addition to individual development opportunities.
- > **Multiple opportunities for the professional development of delegates.** Delegates are engaged at region meetings and our annual general meeting, with increased education opportunities provided through webinars and an online member portal. To identify strengths and gaps in delegate knowledge and skills, we introduced a Delegate Skills Matrix to inform and support member organizations in selecting and appointing delegates.
- > **Biennial assessments of each director, the Board chair, Board governance and committees.** All directors and senior executives who regularly attend meetings of the Board contribute to the governance assessment process, which is facilitated by an external provider to ensure objectivity. In 2017, the Board and its committees were assessed, and also took part in debriefing and action-planning discussions.
- > **Our Conflict of Interest and Code of Conduct policies**, which outline expectations for directors to meet the highest standards of professional ethics and the avoidance of conflicts of interest. Board members are expected to abide by these, and must complete an annual declaration.

For details, and/or to review supplementary governance disclosures, refer to [Appendix AP-1 online](#).

Governance performance

In 2017, we conducted a formal evaluation of the Board and committee performance with the assistance of an independent, third-party consultant. This evaluation focused on governance outcomes, to better understand the Board's impact, value and overall contribution to the company's success.

The evaluation process invited full participation from all directors and senior management. Participants completed an online survey to obtain initial feedback and identify key themes, followed by individual interviews for more in-depth identification of any performance issues noted in the surveys.

The final report, presented for discussion and action planning of governance priorities, will be addressed in 2018.

Sustainability and governance

The Co-operators has been recognized for its progress in embedding sustainability into every aspect of its business, including governance. We have formally integrated sustainability into the governance of our organization in a number of ways, including:

- > a standing Board Sustainability & Citizenship Committee ([see Appendix AP-3 online](#))
- > an annual meeting of the Sustainability & Citizenship Committee with the president and CEO, board chair and select vice-presidents from across the group of companies to discuss progress of our sustainability embedment, challenges and future plans
- > an annual presentation by the vice-president of The Co-operators Sustainability & Citizenship department to the full Board of Directors.

2017 Women's Delegate Forum

The Women's Delegate Forum facilitated networking, generated discussion on how to better support women, and helped The Co-operators gain a deeper understanding and appreciation of the successes and challenges women face in co-operative governance structures. The input gathered from participants was taken into consideration and informed the identification of new tactics to support the advancement of women in our governance structure.

- 1. We are an alternative to business as usual
 - Our mission, vision, values and co-operative principles
 - Member engagement
 - Co-operative governance
 - Key issues and trends in the world around us (materiality review)
 - Risks, opportunities and corporate strategy

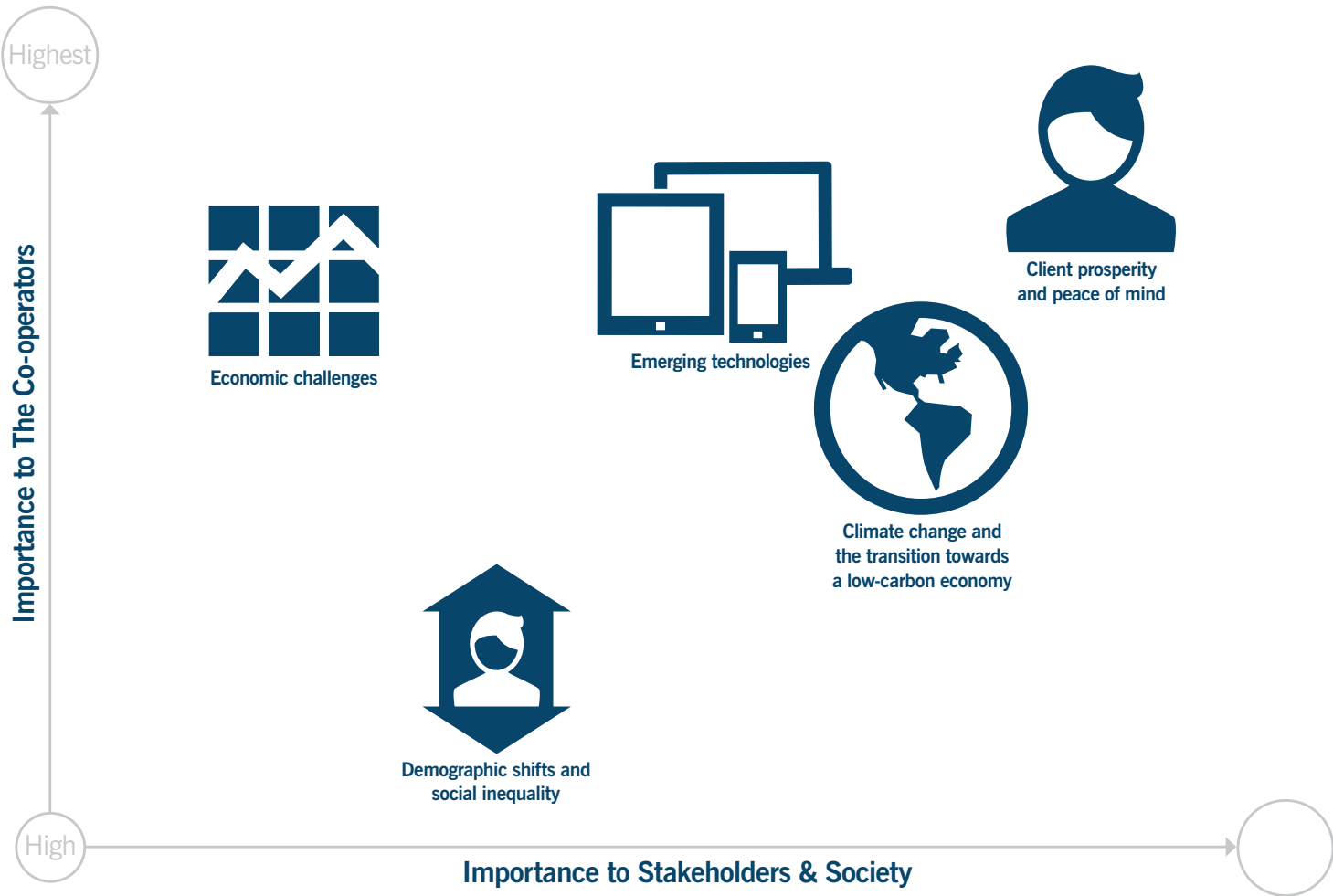
- 2. We are there for clients
- 3. We are catalysts for positive change
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Monitoring significant issues and trends in the world around us

The issues discussed in the chart reflect some of the most material risks, opportunities and considerations to our business and our stakeholders, but are not exhaustive of all we account for in our ongoing risk and opportunity monitoring. Within each issue or trend, there are many risks and opportunities that influence the development of our strategy, products and initiatives over time.

We regularly scan our operating environment for opportunities and risks, gathering input from staff, our Board and member organizations, industry peers, clients, community groups, and external analyses. This information guides our strategic planning and enterprise risk management programs.

For the purposes of integrated reporting, we annually convene a group of external stakeholders to validate our aggregated view of the top material topics facing The Co-operators and our stakeholders. These material topics are depicted in this matrix. See the following page for further explanations.



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The world around us

These issues and trends appear throughout this report as discussions of how they impact The Co-operators, our clients and the communities we serve. “The world around us” sections in this report offer deeper dives into how we’re addressing them through products, services, solutions and advocacy.

Client prosperity and peace of mind
Our purpose to provide financial security for Canadians and their communities compels us to ensure clients are prosperous and resilient amidst increasing uncertainty. Many of the risks outlined threaten the financial security of clients, including climate change, emerging technologies, and persistently volatile financial markets.

Climate change and the transition towards a low-carbon economy
A changing climate gives rise to conditions that increase the frequency and severity of extreme weather and natural disasters. As a result, a new normal of risk volatility has emerged that will have a material impact on Canadians. Internationally, carbon mitigation agreements have bolstered low-carbon investment opportunities of renewable energy, green bonds and clean technology. At the same time, there is an increased economic and reputational risk of carbon-intensive investments and operations.

Emerging technologies
Keeping pace with speed of technological change is important for the current and future strength of our organization. Alongside technological change, shifts in client preferences and behaviours are continuing trends to monitor. The changing nature of transportation, advancements in medical technologies, cyber security risks, the sharing economy and the Internet of Things promise to disrupt the nature of the industry.

Economic challenges
Nearly 10 years into a bull market, economists are watching closely for signs of a recession. Interest rates are beginning to rise, yet significant uncertainty persists due to geopolitical unrest, trade renegotiations and an increase in the cost of climate-related catastrophes.

Demographic shifts and social inequality
The aging population in Canada will result in wide-ranging implications for Canadian society. A tightening of labour supply, increased demand for elder care, and higher incidences of chronic diseases and mental health concerns will place families under greater financial and emotional strain. Social inequality will continue to be a challenge as the divide between the wealthy and middle class continues to widen. For Canadians and their communities, the need for financial stability and peace of mind is critical.

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Understanding risk: A data-driven organization

We rely on robust data to make informed, strategic decisions.

As a highly complex organization, we continually invest in our capacity to better measure risk. Being a data-driven organization keeps decision-making and risk appetite discussions objective and better enables us to anticipate challenges and scenarios on the horizon.



“We operate in a very dynamic environment where many of the historical patterns have become less reliable. To ensure we stay resilient amidst uncertainty, we take a disciplined, forward-looking and data-driven approach to risk-based decision making across the enterprise.”

— Danielle Harrison, Chief Risk Officer

Assessing and analyzing risks and opportunities

As insurers, we have a deep understanding of risk and are attuned to the emerging and evolving trends in our risk universe. Our Board of Directors and senior executives oversee our Enterprise Risk Management program to identify, assess and prioritize the risks to which we are exposed. This process ultimately shapes our risk profile and is taken into consideration when designing our strategy, products and services.

Risks we consider are influenced by the issues and trends discussed on [page 19](#), but are far more exhaustive. We run risks through financial stress tests, modelling scenarios and simulation events to assess the potential impact on clients, communities and the financial longevity of our organization.

The level and types of risk we are willing to take on informs our defined risk appetite and shapes our future risk profile. Clearly identifying this appetite — whether in developing a product, forging a partnership, or making an investment — is critical for sound and consistent decision-making and financial stability.

As uncertainties arise and the pace of change accelerates, our ability to consider trends in the world around us and manage risks we expect to emerge is crucial to our long-term financial strength and the resilience of the people we serve.

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Designing a strategy to excel amid rapid change

Through continuous monitoring, discussion and analysis with senior executives and the Board of Directors, we consider, assess and prioritize risks, opportunities, issues and trends to inform our corporate strategy and the approach of the organization.

In 2017, we entered the second half of our 2015–2018 corporate strategy, the three pillars of which are:



Client engagement

We must know our clients, show them we can meet their needs and empower them to make informed decisions about their financial security.



Co-operative identity

To contribute to the holistic, long-term change that is needed to build resilient communities, our actions must reflect our deeply embedded co-operative values.



Competitiveness

To protect the financial security of Canadians, we must be financially stable, reliable and affordable.

Heading into 2018, we face the final stage of our strategy from a position of strength. We are keenly aware that the pace of change has accelerated, new and emerging risks are imminent, and volatility and disruption will demand greater innovation, efficiency and focus for long-term success.

The following sections of this report discuss our performance related to each pillar of our strategy. They also outline our key challenges and highlight how we're adapting, innovating and collaborating to keep pace with a rapidly changing world.

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we are

THERE FOR CLIENTS

Our clients have unique and varying needs. Whether they are our members, credit unions, homeowners, farmers, businesses or commercial group employers, we are driven to provide financial security and peace of mind. To do so effectively, we must keep pace with change in the world around us and stay focused on opportunities to innovate and lead the industry in client engagement.



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VALUE FOR CLIENTS
Section highlights

The following is an overview of key performance indicators that demonstrate how well we’re engaging clients and meeting their needs. Read on for additional metrics and further discussion of our 2017 performance.

Claims and benefits paid to clients

The total amount of dollars paid to all clients in claims and benefits.

Why it matters: This is both a reflection of monies paid to clients to protect their financial security following a loss, and our ability to meet the needs of our clients.

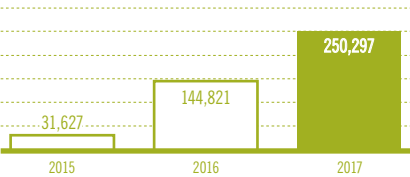


For more, [see page 26](#).

Number of Comprehensive Water policy endorsements

The number of clients covered by our Comprehensive Water product in Ontario and Alberta.

Why it matters: This shows our commitment towards making comprehensive flood coverage available to all Canadians, regardless of their level of risk.



Target: 330,000 by the end of 2019

For more, [see page 30](#).

Individual and Group assets under management (Wealth Management – Life Operations)

The dollars our Individual and Group clients have invested with us, which includes net client deposits and the change in value of assets under management from investment performance.

Why it matters: Growth in Wealth Management assets under management measures our success in delivering financial solutions that meet the saving and investment needs of our clients.



Target: \$3.88 billion by the end of 2018

For more, [see page 31](#).

J.D. Power Customer Satisfaction Awards

J.D. Power Canada ranks Canadian insurers for home and auto insurance client satisfaction nationally.

Why it matters: This is a strong indicator of client satisfaction, benchmarked across the industry.



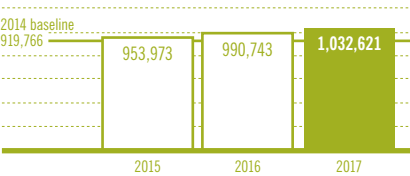
Target: Achieve a ranking of second-highest or above in every region where eligible and win at least one award

For more, [see page 38](#).

Total client households

The number of client households of Co-operators General, Co-operators Life and COSECO, for all retail business lines.

Why it matters: This is an indication of our growth over time, demonstrating the number of Canadians that choose to put their trust in us.



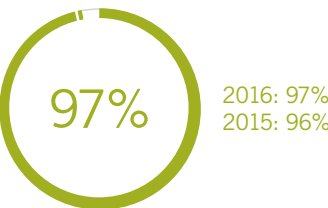
Target: add > 100,000 client households by the end of 2018 from the start of 2015

For more, [see page 39](#).

Gold client retention

How many “Gold” clients stay with us. Gold clients are those with the most products, longest tenure and lowest frequency of claims among our customers.

Why it matters: These clients demonstrate the two-way value we strive for. High retention is a strong indicator of our ability to meet their needs.



Target: Maintain retention of 96% or better each year

For more, [see page 39](#).

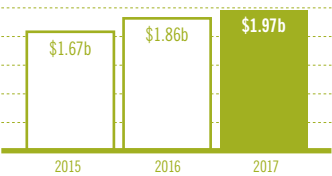
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Protecting financial security:
Our claims performance

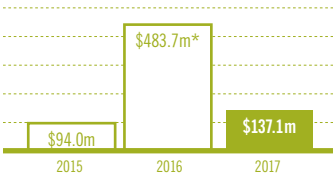
When disaster strikes or accidents happen, clients and their families need to know and trust that their financial needs will be met. To ensure we’re able to continue providing financial security and peace of mind to clients among evolving and emerging risks, we’re focused on continuously improving how we assess, price and manage these risks, while embracing an innovative approach for handling claims in a changing world.

Performance snapshot

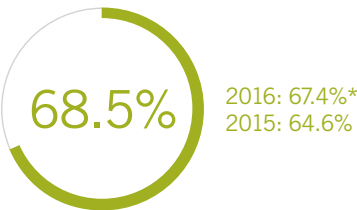
Claims and benefits paid to clients



Major event loss claims (P&C operations)



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



*In 2016, these values were erroneously reported.

🕒 2017 highlights

Navigating emerging claims trends

In 2017, despite the lack of any major catastrophic event, a combination of frequent, severe storms and significant floods across the country caused property claims volume to increase by 14.9 per cent year over year, although overall dollars paid for 2017 reported claims was less than 2016 due to the severity of the Fort McMurray wildfire. Exacerbated by a changing climate, trends of volatility are expected to worsen in the long term, so we’re adapting processes, products and services to adapt and keep pace:

- > **We’re creating a flexible and adaptive claims workforce.** We made strides in 2017 to build a national, borderless workforce that can serve clients across multiple time zones during major events, high claims volumes and across large geographies.
- > **We’re expanding water coverage to manage increased flood claims.** In 2017, a total of 1,800 claims resulting from major flood events were submitted. Of these, 40 per cent — 720 claims — would not have been covered without the existence of our new Comprehensive Water product endorsement. As we continue to expand this across the country in 2018, more Canadians will have access to the coverage they need ([see page 30](#)).
- > **We’ve made it easier to submit claims.** Through our online and mobile claims app, clients can report a vehicle or property claim at any time of day and no longer need to call our claims centre or their Financial Advisor. This significantly reduces client time and effort, allowing them to focus on taking care of what matters most.

🌪️ Key challenge

Responding to volatility and high volume of claims

Higher-than-expected claims volumes, especially in the case of major events, can often strain the capacity of our workforce. Dedicated to the peace of mind of clients, our staff continually seek ways to ensure client needs are met before, during and following catastrophic events. To ensure staff have adequate resources and support, we are exploring new models to build capacity in times of need.

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🕒 2017 highlights (continued)

Discouraging distracted driving

The rapid and widespread adoption of smartphones has coincided with a sharp rise in auto collisions linked to distracted driving. One study shows the risk of a crash if texting while driving is increased by 23 times.* The Co-operators is committed to raising awareness of the negative impacts of this concerning trend:

- > As part of our Drive Out Distraction® program, we produced an [award-winning video](#), and continued our work as a key member of the Canadian Coalition on Distracted Driving (CCDD) in partnership with the Traffic Injury Research Foundation (TIRF).
- > In the spring of 2017, we launched the CCDD's National Action Plan, a detailed plan to combat distracted driving on Canadian roads. This plan was developed by a multi-stakeholder group of key influencers from government, police, academia, industry, the non-profit sector and the community to inspire and engage agencies concerned about distracted driving.
- > As part of our partnership with TIRF, we launched the CCDD E-Hub, a national repository of distracted driving research and resources available to all who are concerned about distracted driving.

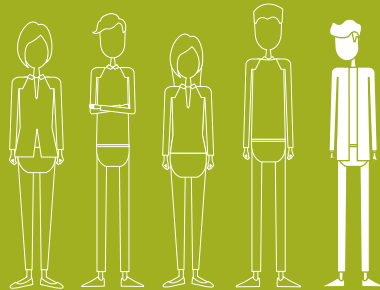
Responding to mental health challenges in Group Benefits

An increase in mental health-related claims points to a negative trend impacting the well-being of Canadians. Mental health claims have become one of the top three drivers of both long-term and short-term disability claims for more than 80 per cent of Canadian employers, according to the Mental Health commission of Canada. The Co-operators is committed to becoming a pathway to positive mental health in the workplace and, once we've established best practices internally, we will share these with the companies we insure and beyond. In 2017:

- > The Co-operators was awarded a Gold-level certification by Excellence Canada in the Mental Health at Work® category. This certification serves as a roadmap for organizations that want to encourage, support, and implement exemplary mental health-related initiatives in the workplace.
- > We partnered with the University of Regina to study the impact of Virtual Cognitive Behavioural Therapy (VCBT) on the prevention and early recovery of mental health-related workplace absences.
- > Through our Mental Health Second Opinion Consult product, in partnership with WorldCare, we launched a pilot program to optimize individual health care decisions and diagnoses through a global network of practitioners that can provide a second opinion for mental health-related issues.

*According to the Insurance Bureau of Canada.

By age 25



1 in 5 Canadians will develop a mental illness

Source: mentalhealthcommission.ca

Supporting youth mental health

We are helping young Canadians make informed decisions, navigate resources and gain access to counselling to support their mental health.

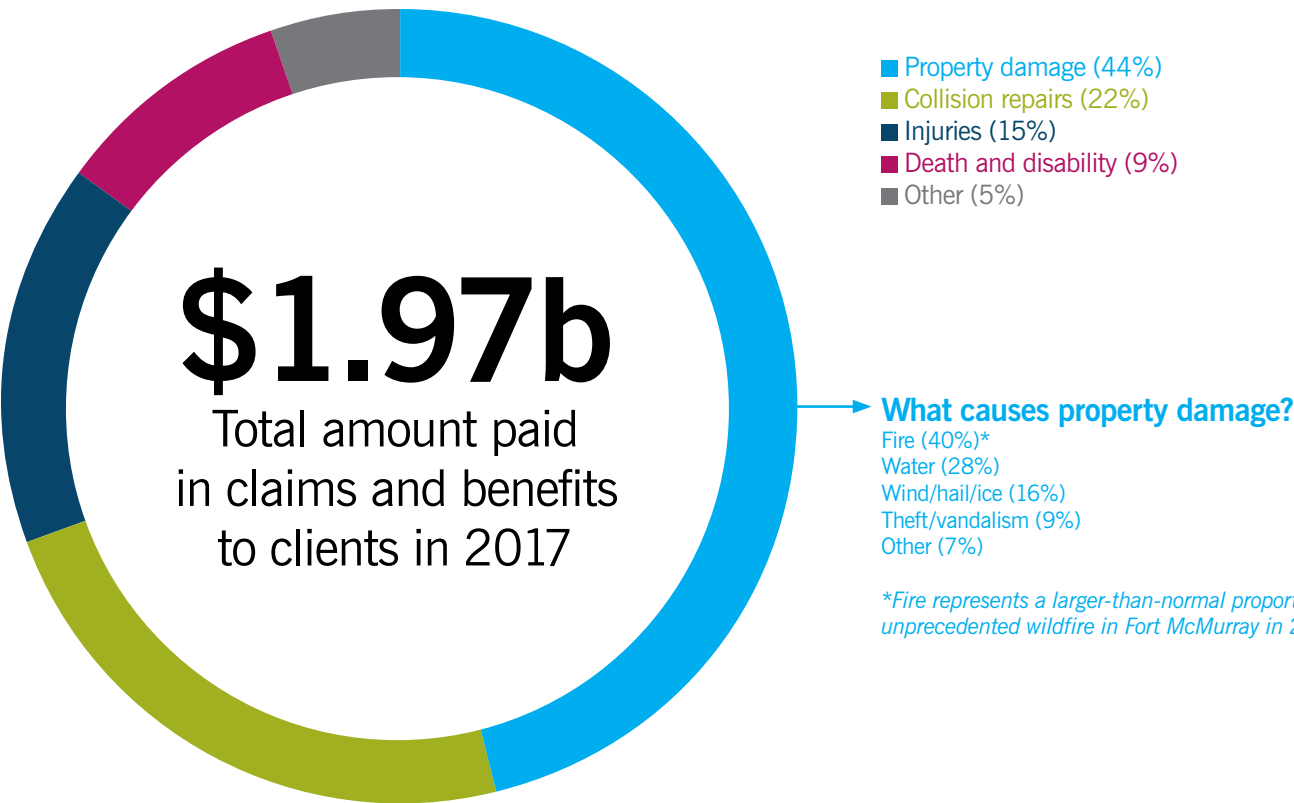
Kids Help Phone: In 2017, The Co-operators became a founding partner to help establish Crisis Text Line, powered by Kids Help Phone. The service will provide young people in Canada with the first ever 24/7 free nationwide crisis texting service. This service will ensure they get the help they need, when they need it, in a way that suits them best.

Teach Resiliency program: We partnered with Physical and Health Education Canada (PHE Canada) to launch a public online portal offering teachers simple-to-use tools, strategies and resources to help promote and enhance both teacher and student mental well-being. Along with PHE Canada, Teach Resiliency was developed with the expertise from the Centre for Addiction and Mental Health (CAMH) and the Centre for School Mental Health at Western University.

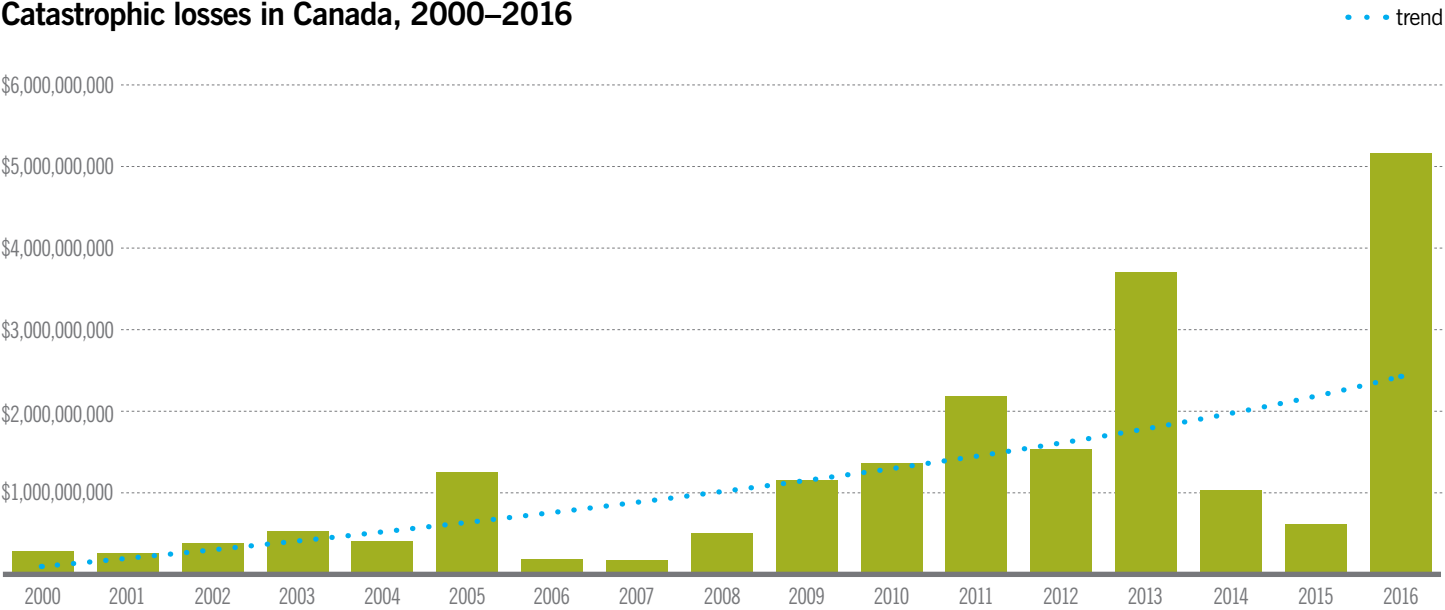
Student mental health: 2017 marks the 10th anniversary of our partnership with Juno award-winner and Grammy nominee Mitch Dorge. His “In Your Face & Interactive” presentation encourages students to make responsible choices and to ask for help in dealing with emotional well-being issues. Since the program began, it has reached almost 150,000 youth across the country.

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Claims/benefits paid by type



Catastrophic losses in Canada, 2000–2016



Loss + Loss Adjustment Expenses in 2016 dollars
Adapted from : Insurance Bureau of Canada: Facts of the Property and Casualty Insurance Industry in Canada 2017. <http://theco-op.ca/2BWcWIN>

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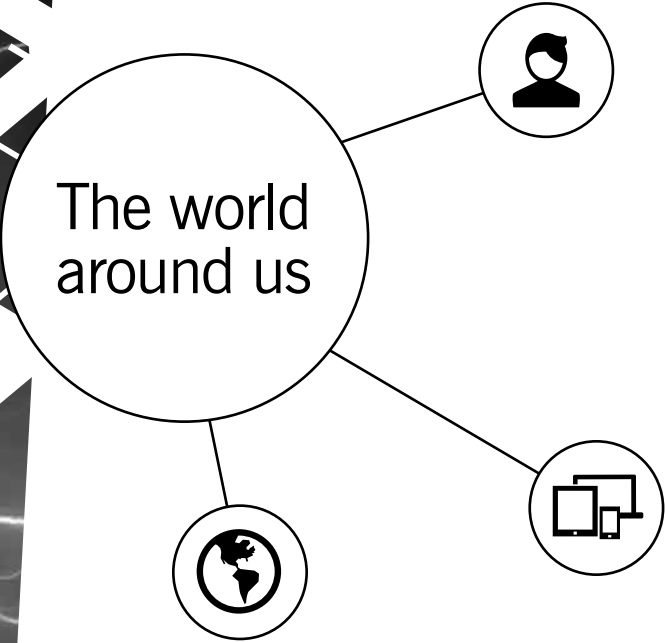
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The world around us

Rating by Peril: Tailored rates to better reflect individual risk levels

Increased volatility in claims and the breakdown of historical patterns are altering the way we think about pricing associated risks.

In 2017, we launched Rating by Peril for farm dwellings and homeowners, a way of pricing risk that is much more predictive of losses and reflective of individual clients' risks.

While Rating by Peril is not new to the industry, we developed our own internal risk models that enable us to better define and price risks. This leads to tailored and often more competitive rates for clients with better risk profiles. We can also react more quickly to emerging climate risks and adjust rates accordingly, inform clients of the changing nature of risk, and send economic signals that can help influence decision makers at all levels to build more resilient communities.

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Did you know about...

... our Claims Guarantee?

Clients can contact us, discuss their loss and have an assessment of damage done before deciding if they want to pursue a claim. If they decide not to make a claim, it is not recorded against their policy.* Approximately 15 to 20 per cent of all property claims reported are situations where we've counselled the client and they decide not to pursue a claim.

... our sustainable claims solutions?

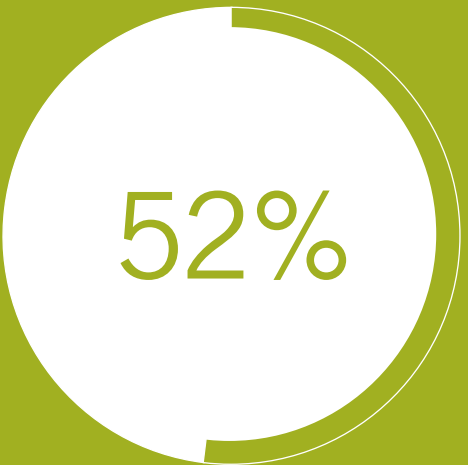
We supply a list of “green” vendors to clients repairing vehicles or property following a claim. These contractors, vendors and repair shops are committed to energy conservation, emissions reduction and more. In addition, our partnership with Habitat for Humanity (Habitat) sends minimally damaged building materials to local Restore retail outlets across Canada to fund the construction of homes for disadvantaged Canadians. Employees of CUMIS and The Co-operators also continued their long-standing partnership with Habitat in a three-day playhouse build-a-thon and donated over 900 hours to support Habitat in Ontario.

... our Service Review Panel?

The Co-operators Service Review Panel gives a group of client volunteers the final say in dispute resolution cases. Submitted cases are carefully reviewed by these clients, who work collaboratively to determine the fairest outcome. After more than 27 years in operation, the panel is still the only one of its kind in Canada — an embodiment of our co-operative difference in the industry.

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

Encouraging sustainability



Auto repairs completed at “green” shops
2016: 50% 2015: 48%



Property claims dollars paid to “green” contractors
2016: 97% 2015: 94%

Service Review Panel



Total number of appeals in 2017
2016: 47 2015: 44



Agreed with us
2016: 33 2015: 35



Agreed with client
2016: 9 2015: 7



Reached a compromise
2016: 5 2015: 2

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Developing products and services for a changing world

Throughout our history, we’ve developed insurance products to meet our clients’ evolving and unmet needs, whether to better protect Canadians amid increased flood risks across Canada, or to provide Life insurance to survivors of critical illnesses. As we move forward, keeping pace with issues and risks that push the industry into uncharted territory comes with significant internal and external challenges from development to roll out to client adoption — challenges we navigate with our core purpose as a guide.

Performance snapshot

Number of Comprehensive Water policy endorsements	Number of en-route Auto Program® active vehicles	Individual client accounts with a Wealth Management policy	Individual and Group assets under management (Wealth Management – Life operations)
<div>250,297</div> <div>2016: 144,821 2015: 31,627</div>	<div>39,580</div> <div>2016: 38,257 2015: 26,800</div>	<div>40,403</div> <div>2016: 36,830 2015: 33,033</div>	<div>\$3.69b*</div> <div>2016: \$3.81b 2015: \$3.54b</div>
Target: 330,000 by the end of 2019	Target: 100,000 by the end of 2020	Target: 46,300 by the end of 2018	Target: \$3.88 billion by the end of 2018
<i>*Our 2017 result was negatively impacted by a plan termination in our Group Wealth book of business, resulting from a sponsor plan restructure.</i>			

📍 2017 highlights

Expanding flood insurance

The deployment of our Comprehensive Water product began in Alberta in 2015 for homeowners and farm dwellings, and was expanded to Ontario in 2016. In 2017, clients in these provinces benefitted from this additional coverage. Following spring flooding, 40 per cent of flood claims made would not otherwise have been covered were it not for this product endorsement ([see page 24](#)). To date, close to one third of our clients have access to Comprehensive Water. In 2017, we:

- > worked with a world-renowned and advanced flood risk modeling agency to develop and refine up-to-date, detailed flood mapping in communities across Canada, to more accurately pinpoint flood risk down to individual households
- > insured 250,297 homeowners and farm dwellings in Ontario and Alberta, an increase of 105,476 from 2016
- > finalized product deployment plans to continue rolling out this product to the rest of Canada in 2018.

📍 Key challenge

Bringing Comprehensive Water coverage to all Canadians by 2018

While the phased roll out of this coverage was intentional, the time and effort needed to ensure flood coverage for all risk levels was significant. Taking the time to get it right must reconcile with an increasing need for adequate coverage across the country alongside an increased price of premiums for those most at risk. We’re committed to informing Canadians of the issues and providing a product that reflects the true cost of risk. This sends an economic signal and highlights the benefits of mitigating flood risk and reducing cost through building flood-resilient communities.

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🕒 2017 highlights *(continued)*

Bringing peace of mind to Canadians unable to obtain conventional life insurance

Launched in 2016, Acceptional Life® is our Life insurance product for Canadians who have often been declined by other insurers due to medical or lifestyle issues, such as stroke, cancer or a history of speeding tickets. A lack of life insurance puts the financial security of many Canadians at risk, and can prevent them from accessing bank loans. Acceptional Life® can address these issues, albeit with some targeted exceptions, to help fill an unmet need in Canada. This product is currently available in all provinces except Quebec.

Insuring Business clients against privacy breaches

Amid increasing global threats of cyber attacks such as ransomware, large-scale security and privacy breaches, The Co-operators launched Privacy Breach coverage in October 2017. This product gives Canadian business owners access to the coverage they need to protect their businesses in today’s interconnected world. Business clients can apply for up to \$1 million of Privacy Breach liability coverage and up to \$25,000 for Privacy Breach expense coverage. They also have access to risk mitigation services through CyberScout. We are currently exploring this space with respect to additional products, services and opportunities to mitigate against this growing risk ([see page 69](#)).

Incentivizing safer and more sustainable driving behaviours

Through the en-route Auto Program® in Ontario, personalized dashboards report driving behaviours and environmental impact to clients, highlighting where safety and efficiency changes can be made. Upon sign up, clients receive a five per cent discount, and by improving driving safety and efficiency, are eligible for discounts up to 25 per cent. In 2017:

- > there were 39,580 active vehicles using the en-route Auto Program®
- > ongoing program innovation included the development of a mobile app that will launch in 2018
- > most clients in the program receive a discount of 10% or greater.

Expanding our Wealth Management products and services

Some clients want Financial Advisor support throughout their financial planning process, while others prefer to simply use self-serve technology. At the same time, poor rates of financial literacy in Canada stress the importance of expert knowledge and financial planning advice towards a financially resilient society. We’re committed to supporting clients through both online and in-person services, regardless of their preferences, through:

- > the launch of a [Financial Balance website](#) that provides clients with financial planning tools and information
- > the development of a client service model that combines self-directed online financial planning capabilities with real-time advice from Financial Advisors.

🏔️ Key challenge

Expanding client adoption and product awareness

Client demand for Acceptional Life® has been low with the face amount of policies sold in 2017 at \$33 million (below our target of \$85 million). After a post-launch review, we addressed concerns with the underwriting process, clients’ comfort with medical exclusions, and lower application approval rates than with conventional Life insurance. We expect to see greater client demand in 2018 as these changes are incorporated into marketing and promotion.

🏔️ Key challenge

Wealth training, tools and technologies

The successful performance of our Individual and Group Wealth Management products and services continues to be a priority for us, and each presents unique challenges to overcome. As we expand our Individual Wealth offerings, our network of Financial Advisors must further their training and expertise. The 2017 roll out of training, tools, reporting and analytics will continue to facilitate wider adoption rates and penetration of Wealth products across our agency network. On the Group Wealth side, we plan to build more online support for plan sponsors and members and create greater alignment with our Group Benefits products in 2018. We expect these changes to bring us closer to our \$3.88 billion target of client assets under management.

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Pricing the true cost of flood risk

Major floods across Canada in 2017 underscored the need for better, more widely available flood insurance products. And while the impacts of catastrophic flooding are widely reported, a key challenge we continue to face as a society and an economy is a failure to build the true cost of this increased risk into decision-making.

The associated cost of floods is alarming: in the past decade, insured losses from natural disasters, of which floods are the most common example, have more than doubled and exceed an average of \$1 billion per year in Canada. We believe all Canadians — especially those most at risk — must have products available to them that appropriately transfer this risk.

To provide products to all Canadians, The Co-operators has taken a risk-based pricing approach so that higher-risk clients pay premiums commensurate with their level of risk. This sends a strong economic signal that more needs to be done to build flood-resilient communities, now and into the future. For more on our approach:

- > Read about our partnership with Partners for Action Network on [page 47](#)
- > Read our president and CEO's call to action in this 2017 Globe and Mail editorial at [theco-op.ca/2o3KrJT](#)
- > Learn more about the changing nature of floods and how to stay flood resilient at [water.cooperators.ca](#).

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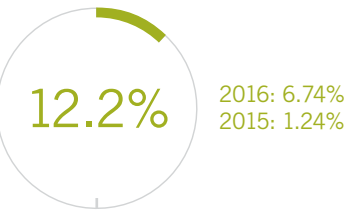
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Encouraging sustainability through products and services

Our mission to be a catalyst for a sustainable society enables us to embed sustainability and co-operative principles into our operations and the products and services we offer. We’ve begun integrating sustainability into premium discounts, policy endorsements and specialized products to provide clients with choices that can contribute to more sustainable and resilient communities.

Performance snapshot

Percentage of Home and Auto clients with two or more products with sustainable features



Target: At least 50% by the end of 2020

Products with sustainability features

Previous year results have been restated due to a tracking system error

33,514

Fire Sprinkler discounts
2016: 29,757 2015: 25,307

3,584

Hybrid/electric vehicle discounts
2016: 2,760 2015: 2,314

233

Envirowise® LEED discounts
2016: 216 2015: 195

2017 highlights

In addition to our Comprehensive Water product endorsement and the en-Route Auto Program®, our suite of sustainable products and services also includes:

- > an Envirowise® discount offering 10 per cent savings for eligible Leadership in Energy and Environmental Design (LEED) certified homes and businesses
- > an automatic discount of five per cent to clients driving hybrid and/or electric vehicles in select provinces and territories (see Appendix AP-33)
- > to incentivize resilience against water damage, a discount is available for approved sewer backup loss prevention, including backwater valves and/or the existence of a secondary, automatic-powered back up sump pump
- > a fire sprinkler discount that provides savings to clients of Co-operators General Insurance Company whose homes are protected by automatic fire sprinklers, heat detectors and/or water sensors.

For a full list and descriptions of products with a sustainability feature, see Appendix AP-33 online.

Key challenge

Expanding the adoption and integration of sustainability products

While the uptake on some of these products is encouraging, there is significant room for greater adoption and impact. We have set a goal to see 50 per cent of Home and Auto clients with two or more products with sustainable features by 2020. In 2017, we were behind this target at 12 per cent.

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Supporting co-operatives and the non-profit sector

The uniquely tailored products and services we offer for voluntary non-profits, charities and co-operatives demonstrate our commitment to enriching local communities by supporting organizations actively working to improve environmental, social and economic well-being.

Performance snapshot

Total co-operative business volume	Number of Community Guard® clients	Number of Co-op Guard® clients	Households in the Member Benefits Program
<div>\$890.5m</div> <div>2016: \$728.3m 2015: \$680.5m</div> <div>Target: \$800 million by the end of 2018</div>	<div>6,325</div> <div>2016: 5,747 2015: 5,252</div> <div>Combined target: 6,754 by the end of 2017</div>	<div>512</div> <div>2016: 507 2015: 427</div> <div></div>	<div>75,698</div> <div>2016: 48,308 2015: 38,220</div> <div>Target: 60,385 by the end of 2017</div>

📌 2017 highlights

Providing financial solutions for credit unions and co-operatives

We provide products and services that contribute to credit unions' and co-operatives' long-term capacity to provide Canadians with affordable housing, food security, social programming, health care centres and more. Some examples from 2017 include:

- > A full suite of products and services for co-operatives, which has resulted in a total co-operative business volume of \$890.5 million in premiums and fees, up from \$728.3 million in 2016.
- > Co-op Guard® and Garde-coop^{MD} (in Quebec), a suite of products and services tailored to the sector that is the only nationwide product of its kind. This serves 512 co-operative clients.
- > Two pricing pilots were completed with two major credit unions, which studied how to make creditor insurance more affordable to their members, given today's high debt levels.
- > Our Member Benefits Program, which provides product benefits to members of our member organizations, among other services and rewards. In 2017, this program covered 75,698 families, up from 48,308 families in 2016.

Meeting the needs of the charitable and non-profit sector

Providing insurance and group benefits to this important but underserved Canadian sector continues to be one way that we live out our values. Through Community Guard®, our specialized program for voluntary non-profit organizations, we provide predictable premiums and sector-specific products and features. By doing so, we contribute to the financial security and peace of mind of organizations working to bring environmental and socioeconomic well-being to communities across Canada.

📌 Key challenge

Staying competitive for co-operative clients

As other companies enter the market and create similar products, we must ensure that we remain competitive from a pricing perspective as well as through the advice, services and solutions we offer. In turn, the trust and relationships we've built within the co-operative sector can help tip the scale towards retaining our competitive advantage.

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Listening and responding to members, clients and communities

It is crucial that clients trust us and feel empowered to share ideas and feedback on the issues that matter to them. We receive this feedback directly from our members, clients and broader stakeholders through call centres, Community Advisory Panels, focus groups, and other specialty groups.

The Co-operators Youth Panel

This group, formed out of our IMPACT! Youth Program, gives strategic insight and feedback on projects like new product innovations and our Integrated Annual Report. Just one example of how we stay connected and in touch.

Community Advisory Panel

Now in its 13th year, our Community Advisory Panel (CAP) program continues to embody our co-operative values by providing a forum to give voice to community members to comment and provide feedback on our public relations and community engagement initiatives.

Member organization engagement and feedback

Because our members are a key client and stakeholder group, we receive their feedback through targeted product, service, engagement and relationship surveys and through annual one-on-one meetings and debriefs, in addition to ongoing opportunities throughout the year.

“

I truly enjoyed my participation on the Youth Panel as we were able to accomplish insightful discussions and challenge the projects at The Co-operators to do more and to do what they do better. We share a common ground of engaging in meaningful projects and did not shy away from critically analyzing and collaboratively deciding which options would best suit our needs as members. The structure of the program helped to both engage and educate.”

— Musonda Yamfwa, Youth Panel participant, Co-operative Management Masters student at Saint Mary's University



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Transforming the client experience

Across the industry, rapid technological changes and shifting consumer expectations are driving significant investments in innovation. We’re focused on meeting client needs and preferences in online contexts and deploying new digital capabilities across all lines of business, without losing sight of the importance of in-person engagement. Our approach incorporates all modes of interaction, allowing clients to engage with us however, whenever and wherever they prefer.

Performance snapshot

Number of mobile app downloads and installations

7,515

2016: N/A 2015: N/A

Target: 50,000 by the end of 2018

Percentage of CGIC clients opting to “go paperless”

2.6%

2016: N/A 2015: N/A

Target: 7.5% by the end of 2018

🕒 2017 highlights

Enhancing our digital products and services

We made significant advancements towards a seamless user experience where clients can access us in person, online and over the phone. Keeping pace with rapid technological change requires the entire organization to think differently and we are challenging long-standing processes to become more agile and innovative. In 2017, new digital capabilities included:

- > the launch of a multi-function mobile app for clients
- > the launch of “[Home to Be](#)”, a home-buying app in Ontario to attract first-time homebuyers to credit unions for their mortgage and other financial needs (for more detail, [see page 69](#))
- > an enhanced [online quote](#) system and [Financial Advisor locator](#)
- > the capability to accept Auto and Home claims submissions online
- > the development of a direct-to-consumer Life insurance product, easing the accessibility of obtaining Life insurance, set to launch in 2018
- > the launch of digital auto liability cards (commonly known as “pink slips”) to reduce paper use and mailings.

Innovating analytics to serve client needs

In 2016, we launched Project “ACE”: Analytics for Client Engagement. By using data and analytics to help Financial Advisors and contact centre staff better interpret and predict clients’ needs, ACE contributes to the development of a more seamless and intuitive client experience. We made significant progress in 2017 including:

- > the implementation of an ACE Live Analytics pilot project that enables contact centre staff and Financial Advisors to provide individually tailored advice to clients in real time
- > the ability to better understand and predict client retention
- > the ability to target client review efforts towards those who need it most, resulting in an estimated increase of 15 per cent of Life insurance cross-sales in 2017.

🗳️ Key challenge

Encouraging client adoption of digital services

While client self-registration is increasing steadily for Online Services, we remain behind our goal. We expect that a continued focus on marketing digital enhancements and the paperless options to clients, as well as additional communications to support promotion through Financial Advisors and call-centre staff, should increase uptake of Online Services in 2018.

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Maintaining human connections in a digital era

As new technologies contribute to the disruption of traditional business models, the pace of digital innovation and competition has accelerated. While in recent years we've focused significant efforts on expanding online capabilities, we have not lost sight of the trusted one-on-one relationships of our client-facing staff and Financial Advisors — a level of trust that continues to set us apart in the industry.

From millennials to retirees, clients want choice in terms of how they interact with us. Our network of 2,820 licensed insurance representatives, which includes 512 Financial Advisors, is embedded in 388 communities across Canada, our five contact centre and 23 claims office locations continue to provide clients with guidance and support, and we've made strides in online engagement. Together, these channels lay the groundwork for an adaptive and responsive client ecosystem that meets their evolving needs.

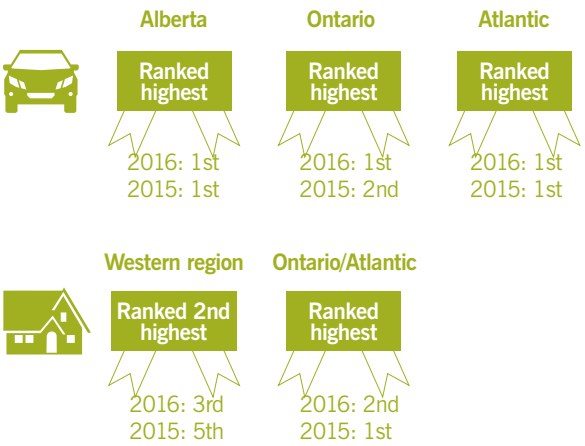
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Leading the industry in client satisfaction

We put clients first and consider their feedback as a measure of where we’ve been successful and how we can improve. Our ability to engage and meet their needs directly impacts our competitiveness and profitability as an organization.

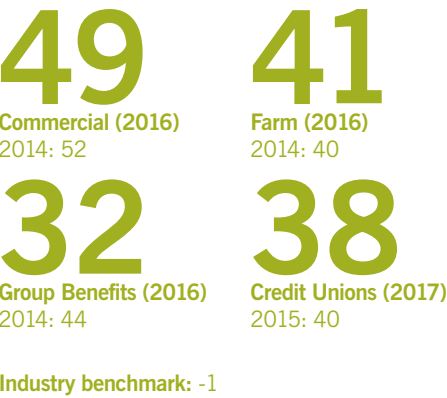
Performance snapshot

J.D. Power Customer Satisfaction Awards



Target: Achieve a ranking of second-highest or above in every region where eligible and win at least one award

Net Promoter Scores



2017 highlights

The J.D. Power Customer Satisfaction Awards and Net Promoter scores are the primary benchmarks of The Co-operators performance in client satisfaction compared to the industry. The Co-operators has established itself as an industry leader over the past several years, with consistent year-over-year improvement from 2015 to 2017.

J.D. Power Awards. These studies measure client satisfaction across the industry in five categories: non-claim interaction, price, policy offerings, billing and payment, and claims. In 2017, The Co-operators was awarded four J.D. Power Home and Auto Customer Satisfaction Awards, which we believe reflects progress towards achieving our goal of becoming the industry leader in client engagement.

Net Promoter Scores. This biennial survey measures the willingness of Business, Farm, Group Benefits and Credit Union clients to recommend The Co-operators to others. This score is measured on a scale from 100 (clients are active promoters) to -100 (clients are active detractors). In 2017, The Co-operators Net Promoter Scores were significantly higher than the competitive average of -1.

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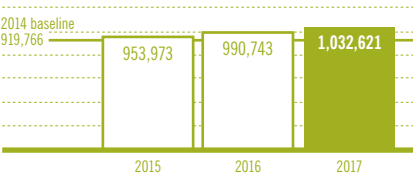
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Growing to meet the needs of more Canadians

While client growth is a strong indicator of our competitiveness, the satisfaction of clients and the long-term profitability of our company, it also reflects our ability to meet client needs and fulfill our mission of providing financial security for a greater number of Canadians and communities.

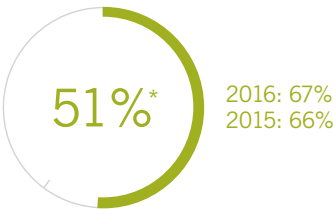
Performance snapshot

Total client households
(includes Co-operators General, Co-operators Life and COSECO for all retail business lines)



Target: add >100,000 clients by the end of 2018 from the start of 2015

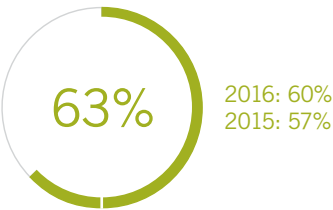
Percentage of new clients that are multi-line



Target: Maintain 60% or higher each year

**Due to a brokerage acquisition in 2017, a significant influx of single-line clients diluted our 2017 multi-line client growth.*

Percentage of new clients that are Gen X/Y



Target: Maintain 50% or higher each year

🎯 2017 highlights

We have strong client retention and growth across Auto, Home, Life and Business insurance lines of business. We are encouraged to see that much of this growth continues to result from younger generations of Canadians, while we continue to retain our existing client base. As demographics shift and technological advances transform behaviours and expectations of all clients, we're focused on staying in touch to meet their needs. In 2017:

- > we surpassed a milestone of serving over one million client households
- > we secured five new credit union clients, expanding our ability to meet the needs of this sector
- > we maintained a strong retention rate of 97 per cent among “gold clients” who have the most products, longest tenure and lowest claims of our clients, which demonstrates our ability to meet the needs of Canadians over the long term
- > 63 per cent of new clients were from Generation X or Y, signalling a continued relevance among younger Canadians and an ability to innovate products and services to meet evolving client expectations
- > 51 per cent of new clients entrusted us with their business across multiple product and service lines.

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CATALYSTS FOR POSITIVE CHANGE

Through the investments we make, the partnerships we forge, the tables we sit at and the actions we take to measure and minimize our carbon footprint, we help tackle important issues to help prepare Canadians for the challenges that will impact them now and in the future.

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VALUE FOR COMMUNITIES

Section highlights

The following is an overview of key performance indicators that demonstrate how we're living out our co-operative identity and creating benefits and value for communities and society. Read on for additional metrics and further discussion of our 2017 performance.

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

Why it matters: This demonstrates our commitment to our co-operative principles and indicates how we contribute to the social and environmental well-being of Canadian communities.

4.8%

2016: 4.1% 2015: 3.5%

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

For more, [see page 42](#).

Total amount distributed to support co-operatives
The amount of money contributed to support the co-operative sector.

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

\$1.40m

2016: \$1.63m 2015: \$487,466

For more, [see page 42](#).

Total impact investments*
The percentage of our invested assets that are invested in portfolios that have both a market return on investment and a measurable, positive environmental and/or social impact.

Why it matters: This demonstrates our commitment to embedding co-operative and sustainability principles into our investment decisions, and helps build resilient, sustainable communities for future generations.

7.7%

2016: 6.5% 2015: 4.6%

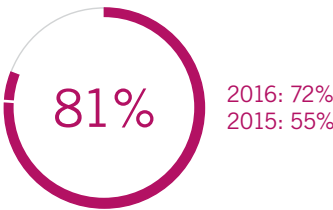
Target: 6–10% by the end of 2018

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

For more, [see page 49](#).

Carbon emission reductions
The amount of net carbon emissions we've reduced since 2010.

Why it matters: Reducing our carbon footprint affirms our commitment to the low-carbon economy and demonstrates that environmental impact can be reduced without compromising profitability.



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

For more, [see page 52](#).

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Investing in communities and co-operatives

We highlight the importance of the environmental and social well-being of the communities we serve in our company’s mission and statement of values. Through contributions and investments, we support groups advocating for environmental, social and financial sustainability.

Performance snapshot



🕒 2017 highlights

In 2017, we contributed a total of 4.8 per cent of our pre-tax profit to Canadian co-operatives, non-profits and charities, totalling \$8.34 million. This far exceeds Imagine Canada’s minimum benchmark of one per cent, leading to our recognition as an Imagine Canada Caring Corporation, a distinction we’ve been proud to receive for the past 21 years. These contributions included:

- > \$521,000 to support organizations that increase employability and job creation for marginalized youth and people with mental health issues in Canada through our Community Economic Development Funds (CED).
- > \$1.40 million in ongoing development and advancement of the Canadian co-operative sector, through the Co-operative Development Program, annual association dues and support for struggling, expanding and/or emerging co-operatives.
- > \$75,000 to lead workshops for young sustainability leaders across Canada. In 2017, \$139,250 in grants went to youth-led projects and initiatives designed to improve social, environmental and/or financial well-being.
- > \$90,000 in funding to support Canadian university programs that integrate and/or highlight co-operative business models and values into their subject matter.

Leading an investment fund to support co-operatives

In 2017, we became a founding investor in a pool of Canadian co-operatives, credit unions and mutual investors that would launch the Canadian Co-operative Investment Fund (CCIF) in January 2018. The CCIF is a response to a critical challenge facing co-operatives and mutuals to access capital without compromising their autonomy and their one member, one vote structure. As a lead investor, The Co-operators invested \$10 million into the fund, which has an initial start-up capital of \$25 million. The fund is open to investment by accredited investors across Canada. For more on the fund and how to become an investor, or to apply for funding, visit: ccif.coop

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Building financial security in the developing world

Co-operatives around the world are working to improve socio-economic well-being as income gaps continue to widen. While poverty and socio-economic disparity are present in all nations, they are particularly distinct in developing economies in terms of the proportion of people impacted. A World Bank study showed that 21 per cent of India’s population, or 270 million people, survived on \$1.90 USD per day of purchasing power parity.* Under such conditions, access to health care insurance is drastically limited.

As an organization, we strongly support efforts of Canadian and international co-operatives working to improve prosperity and peace of mind for all people in need. As an international extension of our mission to provide financial security for Canadians and their communities, The Co-operators committed \$500,000 USD over five years in support of the International Co-operative and Mutual Insurance Federation’s (ICMIF) 5-5-5 Mutual Microinsurance Strategy. In addition to our financial donation, we offer in-kind project management, technical assistance and legal advice to help Uplift Mutuals bring its health care insurance to low-income families in Mumbai and Pune, India.

*World Bank, 2016. theco-op.ca/2o2fiGA

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Spotlight on community investments



Promoting a culture of volunteering

\$1.13m

of equivalent salary to support employee volunteering

The Co-operators demonstrates its commitment to improving the well-being of Canadian communities by supporting employees who want to make a difference. In 2017:

- > 55 per cent of employees used a portion of their two paid volunteer days to get involved in community programs and initiatives, and tracked over 25,000 volunteer hours.
- > The Co-operators Volunteers in Action program supported nine volunteer groups across Canada that encourage staff to engage in their community throughout the year.
- > In partnership with Uniterra, the Leave for Change program offered four Co-operators employees three-week volunteer opportunities to lend their support and expertise to organizations in Mongolia, Peru, Sri Lanka and Tanzania.

Engaging Canadians in building resiliency

\$100,000

to support an app that helps prepare Canadians for natural hazards (funding was distributed 2016–2017)

To help Canadians adapt and mitigate the damaging effects of severe weather and other natural hazards, The Co-operators partnered with ICLEI Canada, a non-profit association of local governments that work to build sustainable and resilient communities.

With financial, technical and communications support from The Co-operators, ICLEI Canada's "[Get Ready!](#)" game-based mobile app was launched at the 2017 Livable Cities Forum to raise awareness of issues and prepare Canadians with simple steps they can take to build resiliency in the midst of a changing climate. In 2017, there were 1,491 downloads of the "Get Ready!" app.

For other organizations, programs and initiatives that we support with funding and resources who are helping build more resilient Canadian communities, [see page 47](#).

Supporting community economic development

\$521,000

distributed from the Community Economic Development Funds

Drawn in part from our \$12 million charitable foundation, our Community Economic Development Funds support organizations that increase employability and job creation for marginalized youth and people with mental health issues in Canada.

Choices for Youth, an organization based in St. John's, Newfoundland, will use funds it received to increase the number of youth supported and employed by their social enterprise production facility Project SucSeed, and offer a more diverse set of employment options for youth.

Financial Advisor highlight:
Co-operators Financial Advisors contributed a total of \$778,025 to community programs and initiatives across Canada. This is in addition to the corporate contributions made by The Co-operators.

Employee highlight:
Employees of The Co-operators collectively donated \$376,248 to the United Way through an annual giving campaign in 2017. This is in addition to corporate contributions made by The Co-operators.

Investing highlight:
In 2017, we invested 36 per cent of our \$12 million charitable foundation into impact investments. In this way, we can support additional initiatives that are improving the environmental and social well-being of communities, while ensuring a financial return that will strengthen the long-term prosperity of the Community Economic Development Funds. This commitment is supplementary to the impact investing goal and strategy of The Co-operators Group Limited, described on [page 49](#).

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Convening and contributing to conversations for a more sustainable future

We envision a sustainable economy as one that anticipates future challenges and prioritizes long-term social, environmental and economic well-being. Understanding the link between financial performance, environmental, social and economic volatility in the world around us, we facilitate and participate in conversations and initiatives that steer the industry and global markets in the right direction.

Partners and collaborators for sustainability



Council for
CLEAN CAPITALISM



🕒 2017 highlights

Collaborating for a more sustainable Canadian economy

- > The Co-operators brought a group of Canadian insurance institutions together to discuss opportunities and challenges related to climate change with Canada's Minister of Environment and Climate Change.
- > To carry the recommendations of the UNEP Inquiry into the Design of a Sustainable Financial System forward, we convened a group of Canadian insurers, financial institutions and asset managers to develop a roadmap for the insurance and financial services industry to lead the transition to a low-carbon economy.
- > We continued to advocate alongside national business and non-profit leaders to help shift the economy towards sustainable Canadian markets, through:
 - The Corporate Knights Council for Clean Capitalism, a group of Canadian business leaders dedicated to promoting sustainable markets
 - Smart Prosperity, a national coalition of leaders from multiple sectors and perspectives working to define a vision for Canada's transition to a high-efficiency, low-carbon economy.

Helping to shift global markets towards the low-carbon future

Internationally, we are actively involved in conversations, initiatives and projects to increase the environmental, social and economic sustainability of the insurance and financial services industry:

- > The Co-operators was the first North American insurer to sign on and commit to abide by the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Sustainable insurance in 2012 ([see Appendix AP-34](#)). As a global steering committee member of UNEP FI, we engage in international conversations and continue to advocate for widespread adoption of these principles in Canada. In 2017, we presented on a panel with the Insurance Bureau of Canada at the first North American market event of the UNEP FI.
- > Through the World Bank Insurance Development Forum (IDF), The Co-operators is a strong advocate for a more sustainable and resilient global insurance market in discussions with UN leaders, the World Bank Group and global insurance industry peers.
- > We publicly supported the recommendations of the Task Force on Climate-related Financial Disclosures, and are committed to implementing its recommendations. For more on our approach, [see page 57](#).
- > As active participants in the international Carbon Pricing Leadership Coalition, we were one of several Canadian business leaders to sign the 2017 report entitled, "The Role of Carbon Pricing in a Low-Carbon Transition", presented to Canada's Minister of Environment and Climate Change in early 2018.

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Advocating for sustainable, resilient communities

We convene and partner with like-minded organizations to help shift business as usual. Our collective influence with government, industry and the Canadian public helps advance policies, regulatory changes and public perception of important issues.

Partners and collaborators in advocacy



Institute for Catastrophic
Loss Reduction



🕒 2017 highlights

- Flood resiliency**
We're partnering across sectors, providing strategic insights and making recommendations to help Canadians and Canadian communities to adapt to the increasing risk of extreme flooding across the country:
- > The Co-operators attended and participated in the planning of the National Roundtable on Flood Risk with Canada's Minister of Public Safety and Emergency Preparedness. We provided strategic input to two research papers presented at the roundtable.
 - > The Partners for Action Network (P4A), co-founded by The Co-operators in 2015, published a report entitled "Canadian Voices on Changing Flood Risk." The Co-operators and P4A co-presented findings from this report, which highlighted the lack of preparedness and public awareness of flood risk in Canada to industry peers, government and researchers at the 2017 Flood Risk Summit.
- Wildfire resiliency and fire safety**
Through advocacy, community support and education, we are working with leading wildfire and fire safety organizations in Canada to build wildfire resiliency and encourage home fire safety. In 2017, we:
- > Expanded our partnership with Partners in Protection, the non-profit organization that runs FireSmart Canada, to develop the FireSmart Home Development Guide, outlining actions that can be taken to reduce the risk of damage from wildfire.
 - > Worked with FireSmart Canada to directly support local wildfire mitigation efforts in approximately 30 communities during Wildfire Community Preparedness Day. We were a founder along with the National Fire Protection Association (NFPA) and the Institute for Catastrophic Loss Reduction (ICLR) of Wildfire Community Preparedness Day in 2015.
 - > Supported the launch of HomeFireSprinklerCanada.ca in partnership with the Canadian Automatic Sprinkler Association. This website provides important information for a range of Canadian stakeholders to increase interest in the life-saving benefits of home fire sprinklers.

🔑 Key challenge

Consensus-building with diverse stakeholders
The complex challenges we face require diverse stakeholders working together to develop creative solutions. Such collaboration takes time, effort and shared priorities. Maintaining a fine balance between the need to move quickly and thoughtfully while building consensus with external stakeholders is critical.

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Investing for financial, social and environmental benefit

Our invested assets contribute to our financial targets and the overall strength of the organization, and they can help make our communities healthier and more sustainable for current and future generations. Through The Co-operators sustainable investment policy and our corporate strategy to invest six to 10 per cent of our assets in investments that have a positive social and/or environmental impact, we are managing our investments to have an impact on the long-term resilience of communities and the environment.

Performance snapshot



📍 2017 highlights

Investing with sustainability in mind
Addenda Capital, The Co-operators investment management company, promotes a sustainable, low-carbon and climate-resilient society through its investment decisions and stewardship activities. Currently, 93 per cent of The Co-operators invested assets are guided by The Co-operators Sustainable Investing Policy ([see Appendix AP-40](#)). This policy applies across all major asset classes, where eligible, but does not apply to certain assets such as short-term investments, policy loans or derivatives, which increased in 2017. Addenda further demonstrates its commitment to sustainability in many ways, including:

- > engaging in several projects, coalitions and initiatives that promote sustainable financial markets, such as Principles for Responsible Investment, the Task Force on Climate-related Financial Disclosures and the Carbon Disclosure Project**
- > a keen awareness of environmental, social and financial considerations applied to their portfolio management decisions
- > a demonstrated promotion of sustainable decision-making in the companies in which they invest, monitoring of companies' environmental, social and governance practices, exercising proxy voting rights (where applicable) and engaging in dialogues with issuers.

**For a full list of these initiatives and coalitions, [see page 71](#).

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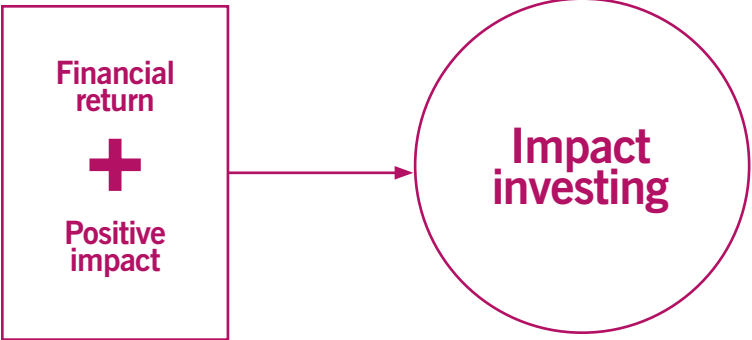
🕒 2017 highlights *(continued)*

Investing to have a positive impact
In 2015, The Co-operators set an ambitious goal to invest between six to 10 per cent of our invested assets into impact investments by the end of 2018. When established, this goal was well above those of many of The Co-operators direct peers, which appeared to have no more than 0.5 per cent of their assets invested for impact in 2015. This not only distinguishes us as a leader in the industry, but also offers a competitive advantage as the economy continues to shift towards a low-carbon future. Of our \$9.5 billion in invested assets at the end of 2017, we are currently investing 7.7 per cent in impact investments and steadily growing this percentage each quarter.

Impact investing supports our vision to be a catalyst for a sustainable society and broadens the returns of our investments beyond purely financial gains and into social and environmental benefits. The Co-operators areas of focus for impact investments are:

- > **Climate change mitigation and adaptation**
Resilient communities; renewable energy; green buildings; and low-carbon transportation
- > **Health and wellness**
Youth; aging populations; mental health; and affordable housing
- > **Food, agriculture and natural resources**
Sustainable food, land, water and resource management; food security and nutrition; and sustainable farming, fishery and forestry
- > **Co-operatives**
Housing co-operatives; credit unions; and producer co-operatives

What are impact investments?
Impact investments provide capital to intentionally and measurably address the world's most pressing environmental and social challenges. They generate an appropriate, risk-adjusted financial return and are reported on annually. In Canada, a 2015 Responsible Investment Association survey identified more than \$9.2 billion of assets under management as impact investments, representing an increase of 123 per cent over 2013.*

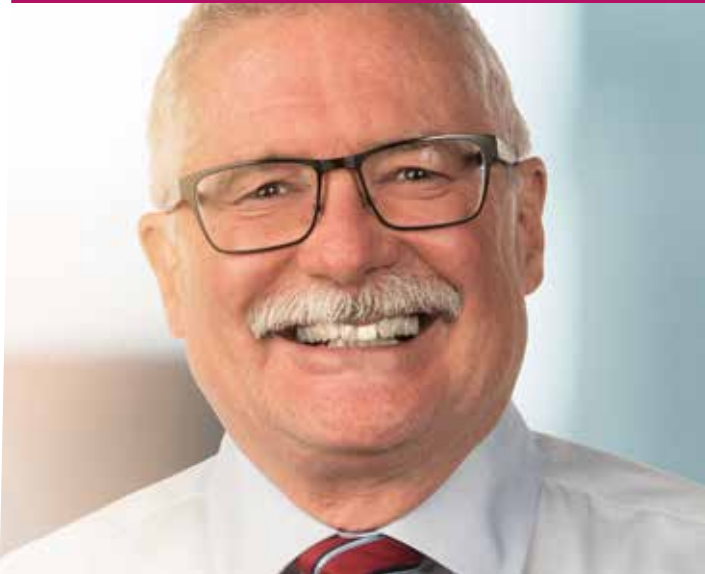


*Responsible Investment Association: 2016 Canadian Impact Investment Trends Report. theco-op.ca/2F2fcqG

A network of finance leaders advancing a resilient, sustainable economy

The Prince of Wales’s Accounting for Sustainability (A4S) Project was established by HRH The Prince of Wales in 2004 to inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy.

Bruce West, chief financial officer (CFO), represented The Co-operators as a founding member of A4S’s Canadian Chapter of the CFO Leadership Network in 2017. The Network brings together a group of leading CFOs from large businesses to meet the A4S objectives, and has initiated several projects to assist organizations in Canada addressing implementation challenges.



“Sustainability has significant financial impacts. As a steward of the organization’s financial security, the CFO must be involved in its advancement. At The Co-operators, we’re integrating sustainability throughout the organization, not just because it’s good for the environment, but because it’s good business.”

— Bruce West, Chief Financial Officer

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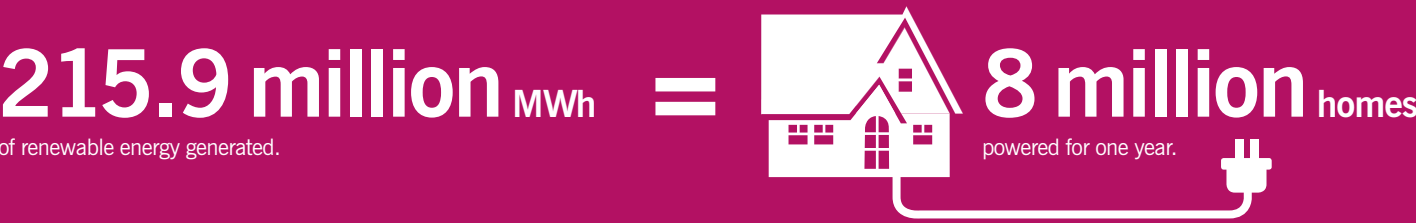
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Impact investments by the numbers

The following is a snapshot of the measurable environmental and social impact of the projects, companies and organizations in which we invest, and highlights why we've chosen to invest in these projects. Because of reporting periods, all values are for fiscal 2016 or the most recently available data from the investment entities. Expected values are for projects not yet operating (this applies to the carbon reduction only). All impacts are for the entire investment entity, not just The Co-operators investment.

Climate change mitigation and adaptation



Health and wellness

Invested in housing projects that provided:

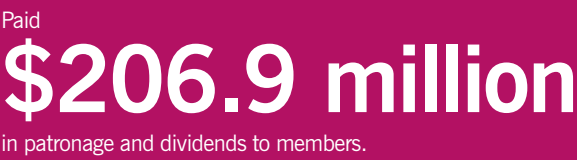


Food, agriculture, and natural resources



Co-operatives

Invested in credit unions that:



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Measuring and minimizing our carbon footprint

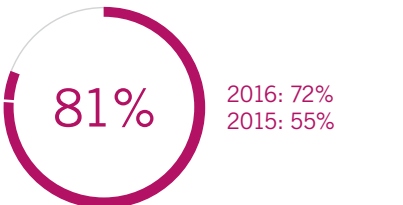
The increased volatility of a changing climate poses many risks and complex environmental, social and economic challenges that impact our company, clients and communities. We are committed to being carbon neutral equivalent by 2020, demonstrating that our company can be profitable while minimizing its environmental impact to help mitigate the risk of catastrophic climate change.

Performance snapshot

Carbon intensity (tonnes of CO2 equivalent per employee)



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



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

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



[See Appendix AP-38](#) for more on how Addenda calculates the carbon footprint of its investments.

🕒 2017 highlights

Moving towards carbon neutrality
To date, The Co-operators has reduced its emissions by 81 per cent from 2010 levels. We believe that progress towards our 2020 target of carbon neutral equivalency, alongside solid financial performance, sends a strong signal in support of the low-carbon economy. We've achieved reductions to date through an innovative approach and two areas of focus:

- > **Emission reductions in our operations and renewable energy credits.** We first focused on energy efficiency retrofits, space consolidation initiatives, and a smaller and more efficient vehicle fleet. We also purchased renewable energy credits through Bullfrog Power for some of our corporate offices. These initial efforts reduced our carbon footprint by approximately 50 per cent.
- > **Financial Advisor Carbon Neutrality Program.** With over 500 independent Financial Advisor offices across the country, we saw an opportunity to further reduce emissions by engaging our Financial Advisor network to become bullfrogpowered® and carbon neutral. After two years, 94 per cent of agency offices are enrolled in this program and are visibly demonstrating their commitment to reducing their carbon footprint. This provides a platform to engage Canadians in conversations related to sustainability and the transition to a low-carbon economy.

🔑 Key challenge

Innovating our carbon reduction methods
Having reached our 2018 carbon reduction target early, we must now focus on achieving our goal of carbon neutral equivalency by 2020. While we are confident that we will be successful, the challenge lies in continuing to reduce our carbon footprint in innovative ways that create additional benefit for society, including raising awareness, engaging, and catalyzing our vendors and other stakeholders to reduce their carbon footprints as well.

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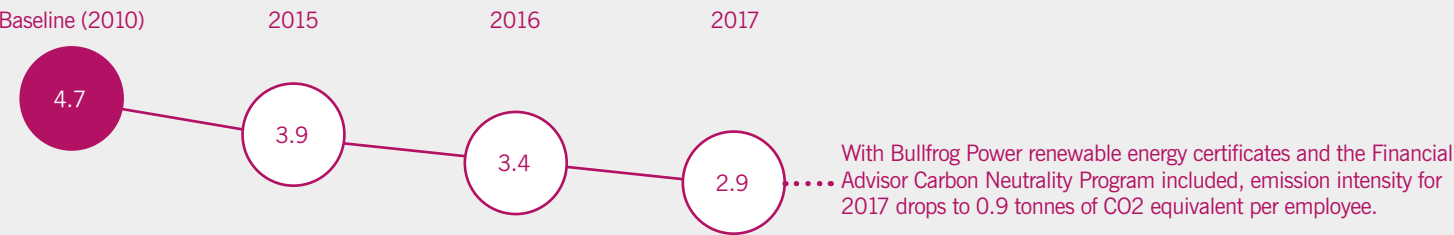
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🕒 2017 highlights *(continued)*

Disclosing the carbon footprint of our investments
Carbon impact doesn't end with operations. Our \$9.5 billion in invested assets also carry weight in terms of carbon emissions and climate-related risks. We're tracking, measuring and reporting on the carbon impact of our investments to manage them in the long term.

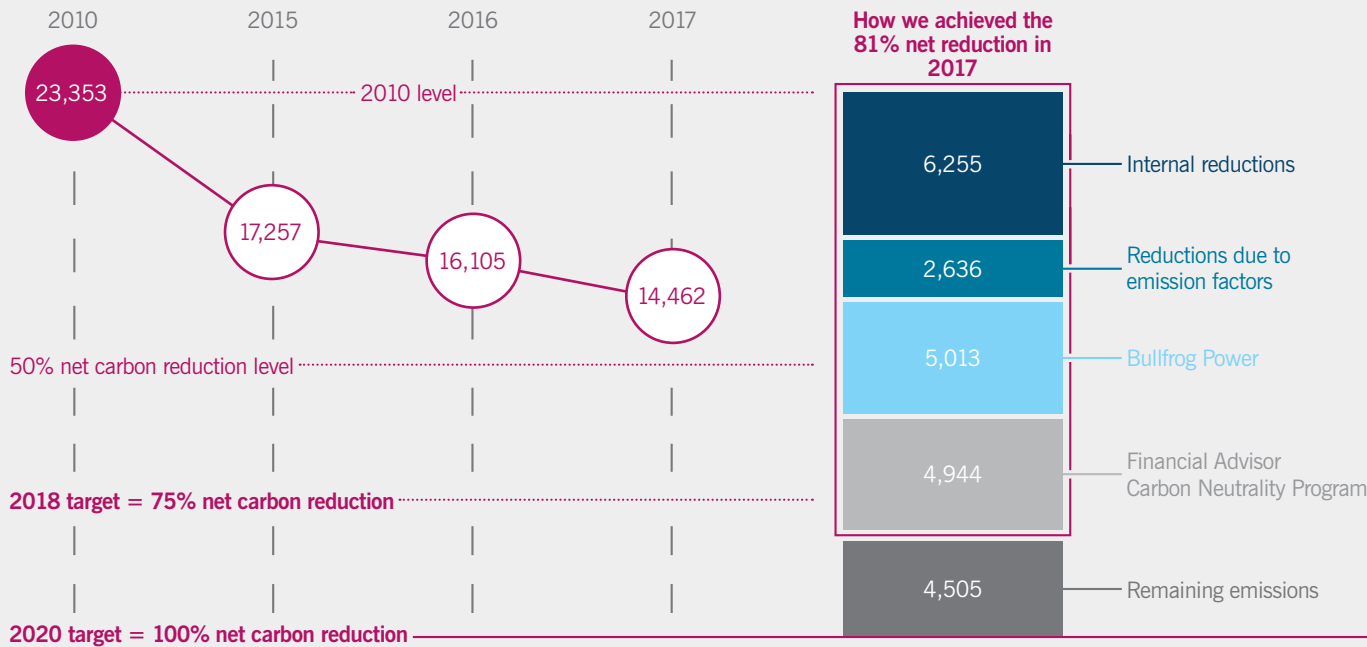
In 2014, The Co-operators was the first Canadian insurance company to sign on to The Montreal Carbon Pledge, and Addenda Capital (our investment management company and part of The Co-operators group of companies) became the first Canadian asset manager to sign the pledge and disclose the carbon impact of all its equity pooled funds in 2015. In 2017, the total owned carbon emissions of The Co-operators equity, REIT, preferred-share and corporate bond portfolios was equivalent to 173,283 tonnes of CO2. [See Appendix AP-38](#) for a breakdown of the carbon intensity of these portfolios.

Carbon intensity (tonnes of CO2 equivalent per employee)



Carbon emissions (tonnes of CO2 equivalent)

Variations in historical emissions data result primarily from updates to emission factors. For more on how we calculate our carbon footprint, [see Appendix AP-36 online](#).



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we are

DRIVEN TO STAY COMPETITIVE

In the highly competitive financial services and insurance sector, our resilience depends on an ability to be profitable while meeting clients' quickly evolving needs. The financial performance of our multiple business lines, the strength of our investments, and the competency and engagement of our workforce all contribute to long-term growth and success. Nevertheless, increasing volatility and market disruption further emphasize a need to stay agile, efficient and innovative to keep pace with rapid external change.

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VALUE FOR THE CO-OPERATORS AND OUR STAKEHOLDERS

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The following is an overview of key performance indicators that reflect our competitiveness as an organization. Read on for additional metrics and further discussion of our 2017 performance.

Financial strength

Total operating revenue

\$3.6b

2016: \$3.4b 2015: \$3.3b

Target: \$4.0 billion by the end of 2018

The total revenue dollars generated from our day-to-day business activities, arising from premiums and fees paid by our clients.

Why it matters: This is a critical reflection of our stability as an organization, as growth of our operating revenue over time indicates a steady and recurring cashflow into the organization.

Net income after tax attributable to members

\$162.8m

2016: \$162.5m 2015: \$156.9m

Our members' share of the amount that remains once all claims, taxes and other expenses are subtracted from revenues.

Why it matters: This is a key indicator of our financial strength and competitiveness. The net income after tax attributable to members is what drives most of the increase in The Co-operators total equity.

Total equity of participating policyholders and members

\$3.3b

2016: \$3.0b 2015: \$2.9b

Target: \$3.2 billion by the end of 2018

Equity is the extent to which our assets are greater than our liabilities. Essentially, this is the amount of capital we hold.

Why it matters: Total equity is an indication of our financial strength and ability to support and grow our business. Ultimately, capital ensures our resiliency in the face of financial challenges that may arise.

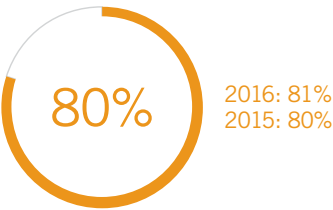
For more, [see page 60](#).

Our people

Aggregated employee engagement score

Our overall employee engagement score across the group of companies, as conducted by Aon.

Why it matters: An engaged workforce reinforces our organizational strength and stability, fosters innovation, and is a reflection that our work culture is meeting their needs and providing a productive, healthy and stimulating work environment.



Target: Maintain 80% or better each year

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

Financial Advisor satisfaction index

An internal assessment compiled from a number of key questions that indicate the overall work satisfaction of our Financial Advisors.

Why it matters: The satisfaction of our Financial Advisors is an important measurement of our ability to respond to challenges and provide support and solutions to help them meet the needs of their clients.

73%

2016: 72% 2015: N/A

For more, [see page 65](#).

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Financially strong and stable

2017 financial performance and financial position

While in 2017 we did not experience a catastrophic event on the scale of the Fort McMurray wildfire, higher than typical claims expenses were incurred from a high frequency of localized severe weather events including hail, wind storms and flooding. In addition, Auto and Business insurance lines were challenged by a larger volume of claims. With volatility expected to increase, a need to improve the underwriting performance of our P&C business unit has emerged as a clear priority. We also continue to monitor loss trends within the Group Benefits line of business stemming from an increased proportion of mental health-related disability claims, and must achieve greater scale in our Life insurance and Wealth Management portfolios.

Our investments continued to generate healthy returns in 2017. The rise of interest rates, partly bolstered by an increase in interest rates by the Bank of Canada for the first time in seven years and strong global equity markets contributed significantly to the profitability of the organization. This also helped mitigate some of the operational challenges described above.

The Co-operators continues to demonstrate financial stability in times of volatility. Nevertheless, with market uncertainty and the ever-present possibility of economic downturn on the horizon, we work to continuously improve the underwriting performance of our core business lines to improve our resilience against business cycles.

🕒 2017 highlights

Despite the high claims frequency and volume experienced in our P&C business lines and challenges to the Group Wealth and Group Benefits lines of business, The Co-operators financial performance continued to be strong. This was primarily the result of the continued strength of our diversified multi-line business strategy, coupled with strong investment performance. In 2017, we achieved:

- > premium growth across all major P&C business lines and 6.6% growth overall
- > growth of Life operations' total premiums and deposits of 4.6% with solid growth experienced in Individual Wealth Management and Travel lines of business, strong investment results and lower expenses overall, which led to a 23.2% improvement in net income over 2016
- > an increase in overall net income for the group of companies, from \$234.6 million in 2016 to \$237.3 million.

🏔️ Key challenge

Achieving economies of scale across diverse business lines

While our diversified, multi-line strategy has led to a strong, stable and resilient organization amidst volatility and rapid change, achieving scale in certain lines of business can be a challenge. Expanding the scale of our Life insurance and Wealth Management portfolios continues to be a top priority.

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Supporting the recommendations of the Task Force on Climate-related Financial Disclosures

In 2015, the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, established an industry-led Task Force on Climate-related Financial Disclosures (TCFD). The TCFD developed voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders, and insurance underwriters in understanding material risks and building climate risk into their decision-making.

In 2017, the TCFD released its final report. The Co-operators publicly supported these recommendations, which seek improved climate-related financial risk disclosures in areas of governance, strategy, risk management and metrics and targets.

The Co-operators established an advisory group, which included an integrated team of senior representatives from Finance, Sustainability and Citizenship, Risk, Governance, Strategy, Actuarial and our investment company, Addenda Capital. As a first step, the group engaged KPMG to provide a gap analysis of The Co-operators current disclosures against best practices and the TCFD recommendations. KPMG noted a number of leading governance processes, while highlighting important strategy gaps that we will address in 2018. KPMG also provided recommendations to enhance our climate change risk management practices and metrics and targets. From this analysis, a 2018 to 2020 road map is being developed to implement these recommendations.



The insurance industry and the people we protect will continue to experience increased challenges and financial risk as the climate approaches or surpasses two degrees of warming. The Co-operators is committed to understanding these implications, and ensuring we communicate these to our stakeholders in line with the TCFD recommendations.”

— Barbara Turley-McIntyre, Vice-President, Sustainability & Citizenship and Andrew Yorke, Vice-President, Corporate Finance

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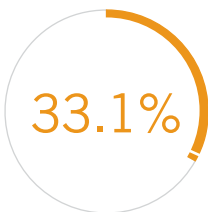
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The Co-operators Group Limited

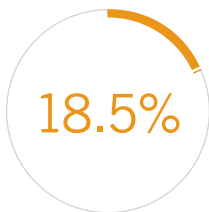
Summarized consolidated Statement of Income
Year ended December 31

(in millions of dollars)	2017	2016	2015
INCOME			
Net earned premium	3,484.2	3,308.1	3,176.2
Net investment income and gains	518.7	399.1	319.2
Fees and other income	133.4	133.8	106.6
Total income	4,136.3	3,841.0	3,602.0
BENEFITS AND OPERATING EXPENSES			
Claims and benefits expense, net of reinsurance	2,456.2	2,203.2	2,086.1
Other expenses	1,384.6	1,339.7	1,264.8
Total expenses	3,840.8	3,542.9	3,350.9
Income before income taxes	295.5	298.1	251.1
Income tax expense	58.2	63.5	52.6
Net income	237.3	234.6	198.5
Net income attributable to:			
Members	162.8	162.5	156.9
Participating policyholders (PAR)	53.6	58.2	29.2
Non-controlling interests	20.9	13.9	12.4
Net income	237.3	234.6	198.5



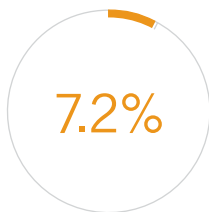
Expense ratio
for P&C operations
2016: 33.2% 2015: 32.9%

Target: <31.4% by end of 2018



Efficiency ratio
for Life operations
2016: 20.1% 2015: 19.7%

Target: 18% by end of 2018



Return on
members' equity
2016: 7.7% 2015: 8.1%

Target: Maintain 8% or better each year

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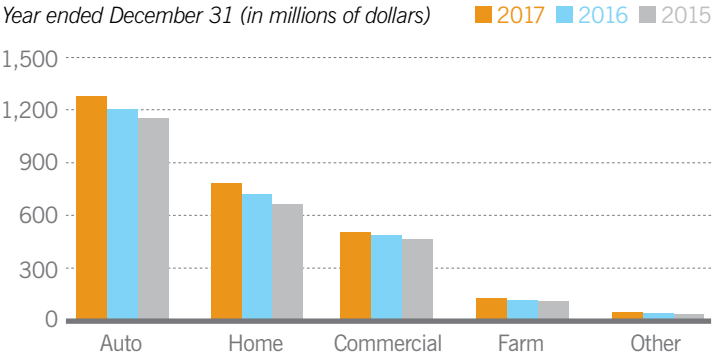
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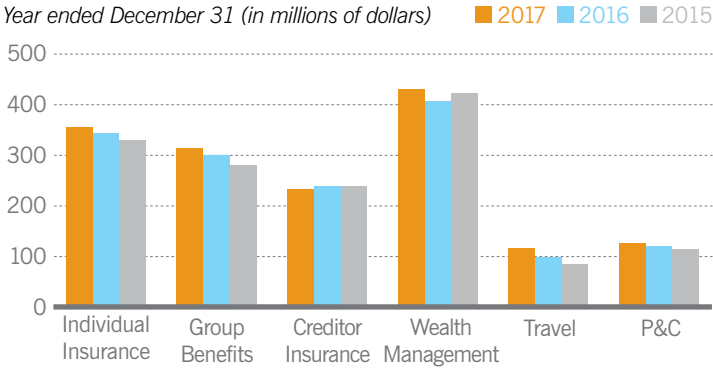
P&C operations direct written premium by lines of business

Overall, direct written premium in our P&C operations increased 6.5 per cent as we experienced growth in all geographic regions and all core product lines. The increase was driven by continued policy and client growth in all lines and regions as well as average premium increases in our Western region’s Home and Auto lines of business.



Life operations premiums and deposits by lines of business

In 2017, our Life operations exceeded \$1.5 billion of premiums and deposits with strong contributions from Individual insurance, Group Benefits, Individual Wealth and Travel insurance lines of business. We continue to experience double-digit growth in individual wealth deposits as our clients recognize the role we can play in their financial well-being.



Net investment income and gains

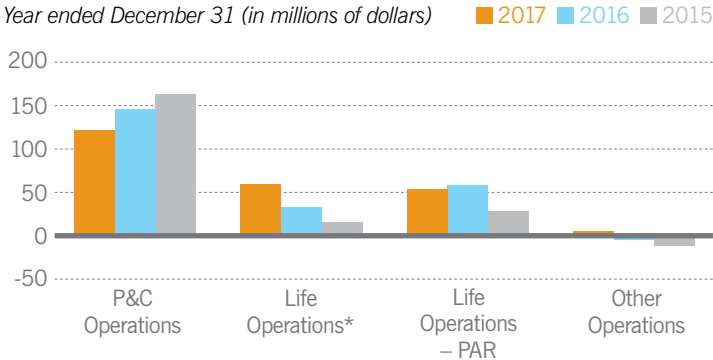
Net investment income and gains increased in 2017. While the low interest rate environment continues to dampen investment income, strong returns in equity markets, a strong Canadian dollar and favourable movements in the yield curve significantly increased investment gains. A significant portion of the volatility in investment gains arises from our Life operations; much of this volatility is offset through claims and benefits expenses resulting from the asset-liability matching programs we employ.

Year ended December 31

(in millions of dollars)	2017	2016	2015
Net investment income	276.7	267.6	286.0
Net investment gains	242.0	131.5	33.2
Net investment income and gains	518.7	399.1	319.2

Net income (loss) by segment

Our consolidated net income remained consistent with 2016. We had another strong year in our Life operations, while our other operations increased because of higher income in our Corporate investment portfolio and an improvement in the results of our Investment Management operations. The deterioration in the underwriting results in our P&C operations offset these impacts.



*Attributable to members and non-controlling interests.

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P&C operations summary of key performance indicators

Underwriting results decreased despite the impact of the devastating wildfire in Fort McMurray in 2016. After adjusting for this event, our combined ratio excluding MYA* increased 7.4 percentage points because of higher claims across all lines of business and less favourable development on prior-year claims. Our policy and vehicle growth continued to exceed expectations and the MYA was favourable in the year, which helped partially offset the increase in claims. The P&C operations expense ratio (see page 58) remained stable; however, it is still higher than that of others in the industry and will continue to be an area of focus. Overall, net income and P&C operations’ return on equity decreased compared to 2016.

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

Year ended December 31			
(in millions of dollars, except ratios)	2017	2016	2015
Underwriting gain/(loss) excluding MYA*	(81.7)	(22.9)	60.9
Net income after tax	121.1	145.3	162.3
Combined ratio excluding MYA	103.2%	101.0%	97.3%
Return on equity (annualized)	8.5%	10.5%	12.3%
Return on equity (annualized, 5 yr avg)	9.8%	11.9%	12.1%

Life operations summary of key performance indicators

Life operations results improved again as net income attributable to shareholders increased by \$21.1 million over 2016. This improvement was driven by a combination of factors, including favourable financial market performance, mortality gains and revisions to the assumptions used in determining claims liabilities. This resulted in a return on shareholders’ equity for the year of 14.8 per cent, significantly increasing the five-year average. Net income attributable to participating policyholders declined by \$4.6 million; however, our return on equity remains above the five-year trailing average at 7.5%.

Year ended December 31			
(in millions of dollars, except ratios)	2017	2016	2015
Net income attributable to participating policyholders	53.6	58.2	29.2
Return on participating policyholder equity (annualized)	7.5%	8.9%	4.8%
Return on participating policyholder equity (5 yr avg)	7.1%	6.4%	6.0%
Net income attributable to shareholders	47.7	26.6	10.4
Return on shareholders equity (annualized)	14.8%	9.3%	3.9%
Return on shareholders equity (5 yr avg)	5.9%	3.4%	0.2%

Summarized consolidated balance sheet

Our balance sheet position continues to be strong with over \$3.5 billion in capital. Invested assets exceed the total value of our insurance and investment contracts, net of reinsurance, by 30.9 per cent. Our regulatory capital position, as measured by the Minimum Capital Test (MCT) and the Minimum Continuing Capital and Surplus Requirements (MCCSR), also remains strong with our ratios well above regulatory requirements.

Invested assets increased \$300 million to \$9.5 billion. We modestly shifted our exposure to higher yielding asset classes, primarily equities, with offsets in our bond and mortgage portfolios. Our bond portfolio makes up 56.2 per cent of the portfolio and is well-diversified geographically and by sector with over 98 per cent of bonds considered investment grade.

Year ended December 31			
(in millions of dollars)	2017	2016	2015
ASSETS			
Invested assets	9,472.8	9,151.3	8,618.7
Segregated fund assets	2,649.9	2,751.8	2,434.3
Other assets	2,791.1	2,637.9	2,412.4
Total assets	14,913.8	14,541.0	13,465.4
LIABILITIES			
Insurance and investment contract liabilities	7,620.9	7,427.6	6,976.4
Segregated fund liabilities	2,649.9	2,751.8	2,434.3
Other liabilities	1,075.0	1,013.3	910.6
Total liabilities	11,345.8	11,192.7	10,321.3
EQUITY			
Member equity	2,443.8	2,302.4	2,171.5
Participating policyholder account equity	808.1	743.9	678.7
Non-controlling interests	316.1	302.0	293.9
Total equity	3,568.0	3,348.3	3,144.1
Total liabilities and equity	14,913.8	14,541.0	13,465.4

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Our capital risk appetite statement

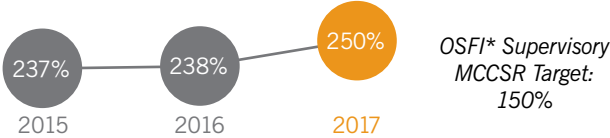
We preserve sufficient capital at all times to allow us to fulfil our promises to our clients through changing circumstances, to meet regulatory and rating agency expectations and to pursue business opportunities as they arise.

Note: The Minimum Capital Test (MCT) and the Minimum Continuing Capital and Surplus Requirements (MCCSR) 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 MCCSR applies to Life insurance companies (CLIC Consolidated). We hold capital well beyond the minimum regulatory requirements for both.

CGIC Consolidated Minimum Capital Test (MCT)



CLIC Consolidated Minimum Continuing Capital and Surplus Requirements (MCCSR)



*The Office of the Superintendent of Financial Institutions

Ratings

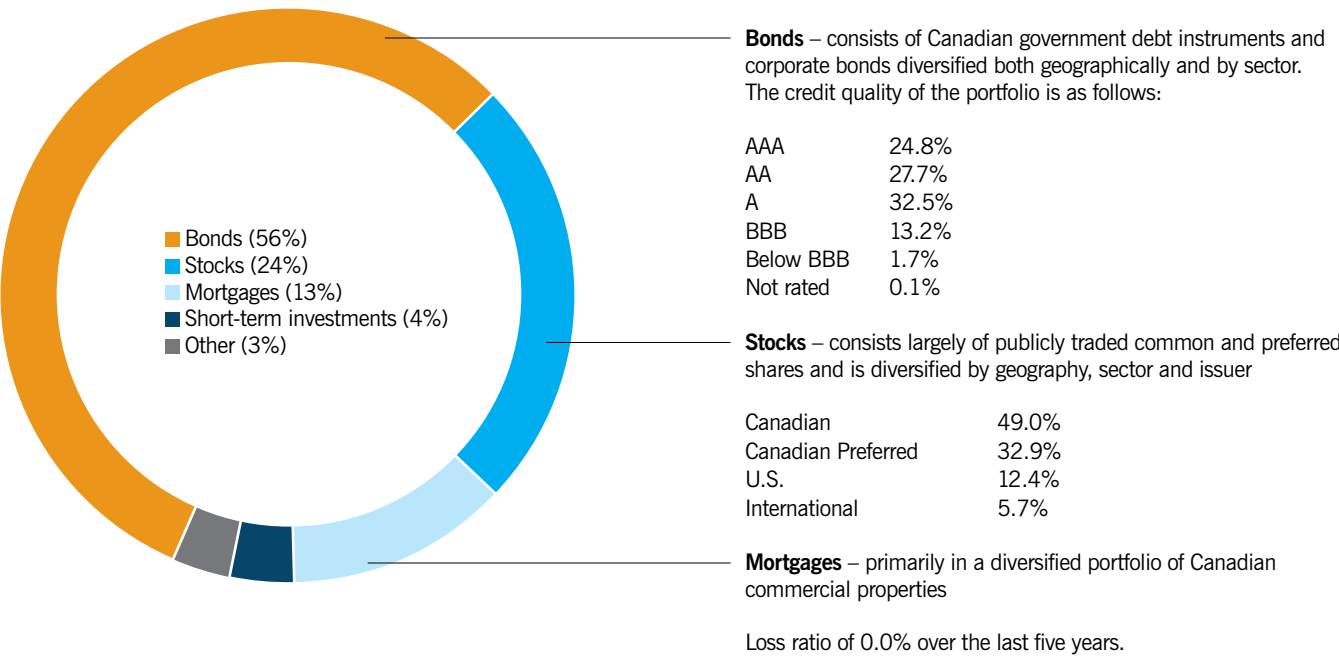
External rating agencies rate our companies and recognize our strong capital position. All ratings are investment grade (BBB-/bbb- or better). The table below shows Issuer Credit Rating and Financial Strength Rating for three of our companies.

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

Note: Targets are BBB- or better for CFSL; A- or better for CGIC & CLIC. A complete summary of our credit ratings can be found in [Appendix AP-42](#).

Invested asset mix

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



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The world around us



Understanding investments in a low-interest-rate environment

Persistently and historically low interest rates have an impact not only on the financial returns of our investments, but also on those of Canadians.

Interest rates have a significant impact on fixed income investment returns such as bonds and mortgages. Fixed income investments are an important investment option for people and organizations who want to minimize the risk of losing their invested capital, such as retirees and insurance companies. So, when interest rates are low, fixed income investments provide investors with a smaller financial return. This can significantly impact the financial health of many Canadians through lower than expected capital appreciation.

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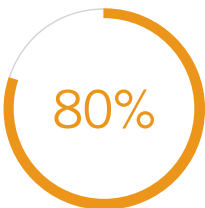
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Working together

Our network of Financial Advisors and employees across the group of companies both distinguish us from our competitors. The strength, well-being and dedication of our workforce enables us to meet the needs of clients and communities while supporting the long-term resilience of the organization. We prioritize the engagement of our people, ensuring that they are supported, respected and fulfilled in the work they do.

Performance snapshot

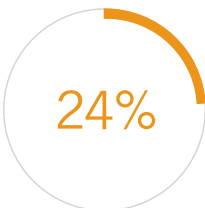
Aggregated employee engagement score



2016: 81% 2015: 80%

Target: Maintain 80% or better each year

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



2016: 22% 2015: 23%

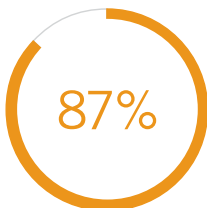
Employee voluntary turnover rate

3.6%

2016: 3.3% 2015: 3.6%

Target: at least 2% below The Conference Board benchmark, this year 8.1%

Permanent employees



2016: 87% 2015: 85%

Did you know?

We are an Aon Platinum Level Employer

Each year, we conduct a third-party administered survey for all corporate employees across the group of companies to assess how engaged they are.

The Co-operators has been an Aon best employer for 15 consecutive years, and once again earned recognition as a Platinum Level Employer by Aon since this category was established in 2015.

Managers and directors analyze results and interpret them through team debriefs to develop action plans, capitalize on strengths and focus on areas for improvement for the benefit of employees and, ultimately, our clients.

Where we excel

Corporate social responsibility	<i>The Co-operators is built on making a difference in the community, as a responsible corporate citizen with a focus on sustainability and the communities we serve.</i>
Client focus	<i>Our employees demonstrate strong commitment to delivering an exceptional client experience. This significantly contributes to achieving our goal of being the industry leader in client engagement.</i>
Brand	<i>Employees perceive The Co-operators as an industry leader in brand and reputation, shaped by our unique history and values which set us apart. This helps ensure that our identity remains strong and recognizable in our communities.</i>

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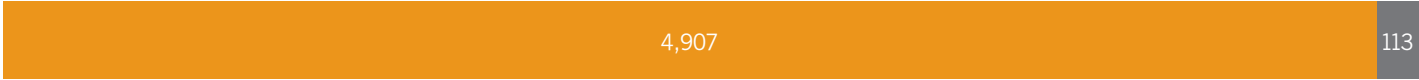
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Our workforce*

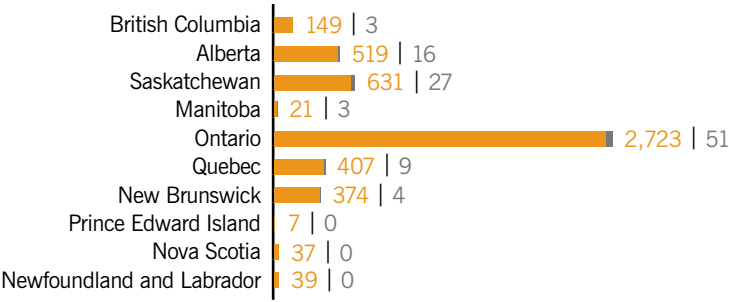
■ full-time ■ part-time



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

Our workforce by province

■ full-time ■ part-time



2017 highlights

Understanding our workforce
Our people are our strength. They live out our vision and values, work hard to meet the evolving needs of our clients and deliver on our strategic objectives. From across the country, they carry out our mission of providing financial security and peace of mind for Canadians and their communities.

Engaging our employees
Working to ensure that employees are validated and engaged in their work and have opportunities to learn, develop and advance is important to our long-term success. We measure employee satisfaction and engagement in several ways, but most tangibly through employee engagement surveys, voluntary turnover rates and employee retention rates. In 2017:

- > Our voluntary turnover rate was 3.6 per cent, compared to The Conference Board of Canada's 8.1 per cent benchmark for the sector.
- > Our employee retention rate was 94 per cent, strongly outperforming The Conference Board of Canada's 88 per cent benchmark for the sector.
- > The Co-operators was recognized as an Aon Platinum Level Employer with an employee engagement survey score of 80 per cent. This is well above averages of 71 per cent for the insurance industry and 72 per cent for financial services industry.

Key challenge

Diversity in senior leadership
We aim to have a workforce that reflects the diversity of the communities we serve. Our first focus area is gender diversity and we are specifically implementing a variety of tactics to increase the representation of women in senior leadership. Through communications to specifically address perceived or real barriers and promote mentorship programs, training and development opportunities, we're actively encouraging greater gender diversity across our organization.

Key challenge

Innovating work processes
While The Co-operators is recognized as an industry leader in employee engagement, we remain focused on areas for improvement. In 2017, employees felt that resources and work processes could be improved to help them be more productive and effective. Because these challenges are unique to business areas, they are tackled separately by business units to identify what each can do to make improvements. We expect that our ongoing digital strategy and innovation initiatives will have a positive impact on this area.

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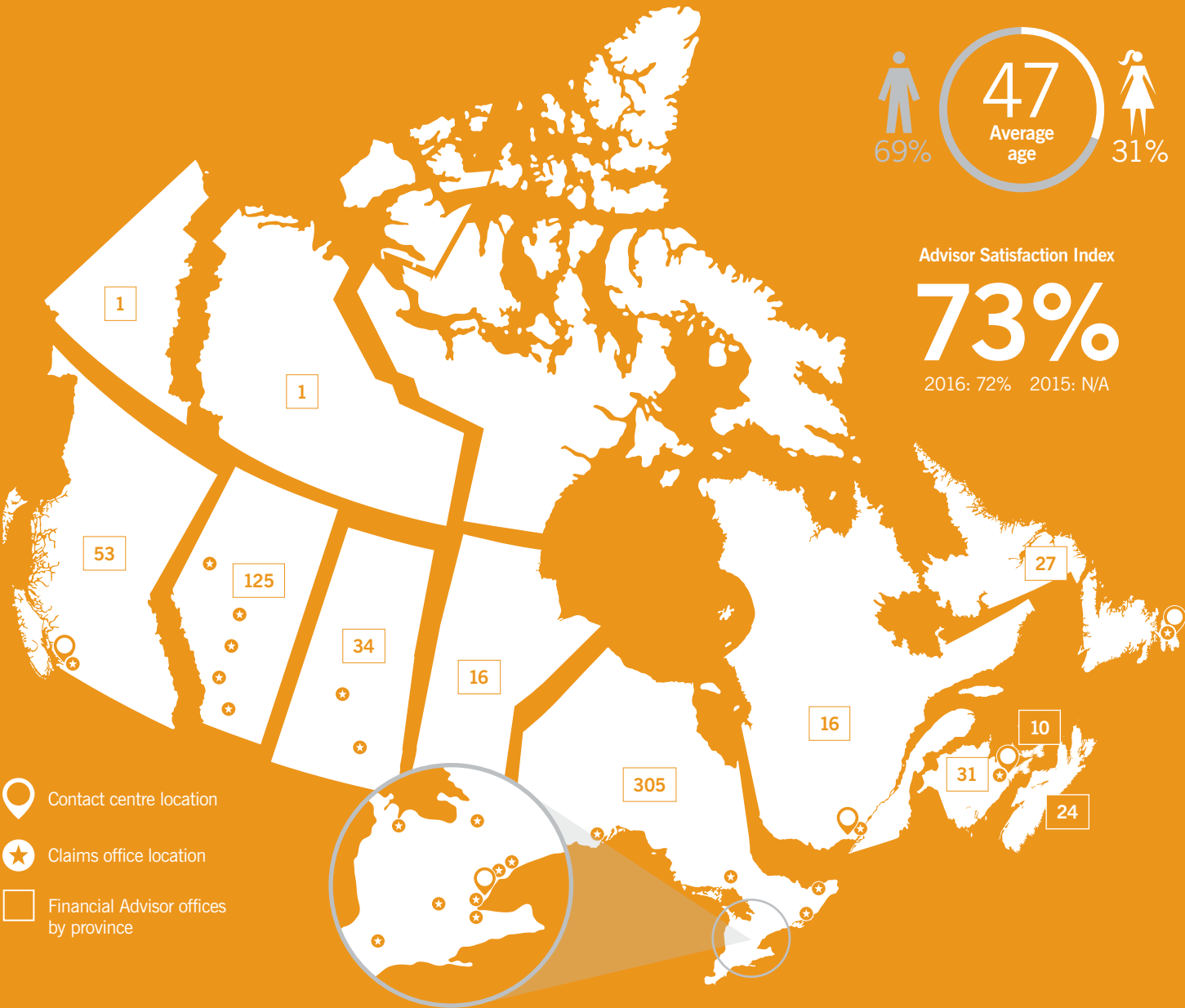
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Engaging Canadians through our Financial Advisor network

In many ways, our network of Financial Advisors is the face of our organization. Advisors engage clients every day in communities across the country, from rural communities to urban centres, and help Canadians assess, define and implement solutions to meet their needs. Like our corporate employees, we monitor and measure their engagement to ensure we stay in touch with their evolving challenges, successes and concerns.

In 2017, there was positive satisfaction among our Financial Advisors, with our greatest strengths lying in the relationships we foster, our multi-line product offerings and in the support we offer. At the same time, a desire for more competitive coverage and face-to-face training programs were among some of the challenges identified by our network.



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Attracting top talent

The Co-operators reputation and ability to keep employees engaged and satisfied at work enables the organization to retain and attract top talent. As a mid-sized organization in a highly competitive industry, this makes a significant difference to our overall competitiveness and ability to stay innovative and able to meet the evolving needs of clients. In 2017, we continued efforts to advance the health, wellness and financial benefits offered to employees:

- > **We are a Living Wage employer.** The Co-operators pays all full-time, part-time and temporary corporate office employees at least the Living Wage, which reflects what people need to earn to meet basic living expenses, support the healthy development of their children and fully participate in community, family and work. In 2017, The Co-operators Enterprise Procurement department developed a program framework to achieve the “champion level” within the Living Wage criteria and promote the Living Wage to our vendor community.
- > **We incentivize leadership in sustainability.** 100 per cent of vice-presidents, senior vice-presidents, executive vice-presidents and the president and CEO are required to include SMART* bonusable goals related to sustainability or co-operative identity in their annual performance plans. In 2017, 91 per cent had done so.
- > **We invest in employee development.** Beyond compensation, we support development, training and education for employees, investing an average of \$967 per employee on external education programs. The Conference Board of Canada’s benchmark is \$889 per employee. Through professional development and other activities and initiatives, we are planning for succession, to help ensure business continuity in the long-term.
- > **We champion the mental health of employees.** Through our new partnership with Excellence Canada, we assessed our workplace against the National Standard for Psychological Health & Safety, and were awarded Gold-level Certification in the Mental Health at Work category. Employee-led conversations on mental health, learning webinars, training and coaching at all leadership levels are demonstrating that the workplace can be a positive pathway to mental health. Through our mental health strategy, we are committed to doing more in 2018 and beyond.
- > **We design rewards and benefits based on employee feedback.** In 2017, we underwent a Total Rewards Review Survey, to optimize the overall investment in employee rewards and benefits by exploring whether we’re effectively responding to the changing needs of our employees and directing dollars towards the things they value most. Based on employee feedback, recommendations will be implemented in 2018.

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

Employee insights

New employees discuss their roles at The Co-operators and reflect on what makes work meaningful to them.

Émilie Lavoie-Charland
Research-Innovation Consultant,
Research and Innovation

As a data scientist and innovation consultant, Émilie helps to innovate The Co-operators processes with predictive analytics that add value to the client experience, assist Financial Advisors with how they support clients and improve Life insurance underwriting. Having worked previously in academic environments, Émilie resonated with the co-operative values of the company.

“After working in academia, I didn’t want to simply provide solutions to make more money for my employer. Today, I work to improve our internal and external client experiences, and that is what drives me to give my best.”

Drew Collins
Co-operators Financial Advisor

As a Financial Advisor, Drew helps to build clients’ financial security. According to him, The Co-operators clarity of mission and co-operative values is well aligned with his personal drive to engage with and support the local community, something that fosters a positive work-life balance.

“To be successful in this role, establishing a presence and being a positive influence within your community is a must. Every time you volunteer to coach your kid’s sports team, join a non-profit board or support an important local initiative, you are actively building your community and your business. That’s powerful.”

CEO to average worker pay ratio (2016)

19:1

2015: 18:1 2014: N/A

As it relates to the world around us, rising income inequality is a key economic challenge. According to a 2017 report by the Canadian Centre for Policy Alternatives, the top 100 CEOs in Canada are earning an average of 209 times that of the average worker. The Co-operators tracks and reports on our CEO to worker pay ratio each year.

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Apundeeep Lamba
Vice-President, Corporate Actuarial and Reinsurance

Apundeeep is responsible for ensuring The Co-operators delivers on its promise to P&C policy holders, ensuring sufficient capital is available to pay claims and fund our business in the long term. Having worked in senior leadership positions at a top global reinsurance firm in the past, the co-operative identity of The Co-operators stood out for him in this role.

“As a co-operative, we balance the needs of our clients, members, employees and society. That is a powerful combination and aligns strongly with my personal values.”



“What stands out for me is that The Co-operators truly cares about its employees and clients. It’s something that we demonstrate in our day to day actions.”

— **Alexandra Samson-Mercier**
Actuarial Analyst, P&C Pricing and Segmentation



Kathleen Howie
Senior Vice-President, General Counsel and Associate Secretary

Kathleen leads the teams responsible for enterprise-wide legal matters, regulatory affairs, compliance and more. For her, the collaborative nature of employees who are seeking innovative solutions to improve the lives of all Canadians is truly distinct.

“The Co-operators is focused on improving the lives of Canadians, co-operatives and credit unions, providing innovative products and services while enriching communities. Working here is a wonderful opportunity to support my community.”



“The Co-operators is well-known for having a great work culture. This was one of the key attractions for me. Since joining, I can see that it lives up to its reputation, providing great opportunity to add value to the organization and my own professional development.”

— **Jeff Cunningham**
Director, Risk Identification and Integration

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Focused on the future



Innovations and collaborations on the horizon

To stay competitive, we continually monitor shifts in technologies enabling the disruption of traditional business models. Artificial intelligence, automated technologies, advances in medical technologies, the rise of blockchain and increased threats to cyber security pose new risks and opportunities for our lines of business. They are driving innovation at an unprecedented pace and enabling new ways of thinking about our organization and how we interact with clients and the world around us.

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Innovating to keep pace with emerging issues

The Co-operators took steps in 2017 to identify and validate key emerging areas where we need to innovate. To this end, we have formed workstreams of cross-sector innovation, collaborating with other stakeholders to think differently about the direction we're headed, the products and services we offer and how to respond to continued volatility and disruption in the world around us. In 2017, we focused on the following five innovation themes, each of which culminated in a report to the Board and senior executives for consideration in the next corporate strategy:



Cyber risk

Wherever computers exist, there is a risk of cyber attack. With the Internet of Things, computer intelligence has expanded into smart appliances, thermostats, automobiles and more — increasing risk in Canadians' personal and professional lives. The Co-operators adopted a mission on the advancement of risk resiliency for Canadians and their communities against pervasive and malicious threats in an interconnected world. New products like the Privacy Breach policy endorsement ([page 31](#)) are just the beginning of how we're innovating to address this new and wide-ranging challenge.



Client ecosystems

Business clients face all manner of risks, but many are not insurable because they represent business risks that could impair their financial security. Client ecosystems strengthen collective resiliency by assisting commercial clients in sourcing help to address these risks. Through our analytics capabilities, we've become more aware of client needs and preferences ([see page 36](#)), and can better facilitate connections between Canadian businesses in an efficient, user friendly and anticipatory way.



The changing nature of transportation

The autonomous vehicle revolution will bring about a change so pervasive it will significantly alter the world in which we live. For insurers who look to auto insurance for a significant portion of revenue, this revolution will significantly impact business models and client needs. Much work remains to be done to improve our scenario modelling so that we can increase our confidence level as to the depth and velocity of the change. By being proactive, we are well positioned to mitigate the risks and take advantage of opportunities as they appear.



The Sharing Economy

The Sharing Economy is a new socioeconomic dynamic, where users pool resources and share risk for collective benefit. New models, such as platform co-operativism, are reimagining financial exchanges. This has competitive implications for insurance and financial services organizations to innovate to meet the needs of participants of this emerging economy. In 2017, we explored perspectives of distinct client groups: individuals and families and the business and co-operative communities. Through a collaborative and innovative process, we arrived at recommendations, learnings and insights that will be incorporated into the next iteration of our long-term strategy.



Advancements in medical technology

Advancements in medical technology and digital health are increasing longevity and quality of life for Canadians. Recently, this technology has reached a state where the evolution is expected to grow exponentially. We are currently exploring trends, risks and opportunities in medical technology and digital health and how they might evolve in the future. Through this, we are assessing how The Co-operators can best support our clients' financial well-being, while seizing competitive opportunities presented by this rapid shift.

Collaborating in response to evolving technological trends

Across the industry, a significant amount of financial capital is being expended to keep pace with rapidly evolving technologies. The Co-operators is innovative in our approach, thinking deeply and strategically about the model and experience we want to deliver to our clients. With the complexity of challenges and unknowns on the horizon, we have expanded our focus on external collaboration, incubators and partnerships, understanding that we are stronger and more resilient when we work together. Through these collaborations we are:

- > **Implementing robotic processes to become more efficient in our operations.** By enabling the use of advanced technologies to automate tedious workplace processes, we can free up significant human and financial capacity to dedicate to the execution of our strategy.
- > **Using mobile technology to add value for Canadians beyond insurance.** Through the "[Home to Be](#)" app in Ontario, first-time homebuyers can explore the value of credit unions for their mortgage and other financial needs. The Co-operators worked with partners to create a digital ecosystem that brings all the essentials together: money, mortgage, real estate valuation, repair assessments, legal expertise, insurance information and more.
- > **Investigating how to better meet the life insurance needs of millennials.** Through this collaboration, we work with people aged 18 to 35 to understand their needs and expectations to design and develop a product to increase millennial participation in insurance.
- > **Exploring blockchain* use cases for insurance.** We are participating in an international insurance co-creation workshop to identify the top use cases for blockchain in insurance. In 2017, The Co-operators developed a Co-ordination of Benefits blockchain with Manulife, Sun Life and Great West Life as one of our first use cases.
- > **Engaging Canadian universities through research initiatives, sponsorships, independent studies, data sharing opportunities and guest lecturing.** These collaborations allow us to explore opportunities to advance operations, products and services using innovative solutions and emerging technologies, including quantum computing to model cyber catastrophic risk, analytics and more.

*A "blockchain" is a continuously growing record of digital events, called blocks, which are linked and distributed between many different parties. Once information is entered into the blockchain, it can never be erased and can only be updated by consensus of a majority of participants (Source: Deloitte).

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Our 2017 Integrated Annual Report provides our key stakeholders — our clients, members and co-operative partners, employees, Financial Advisors and broker partners, shareholders, and communities — with information and data related to our economic, social and environmental performance. In compliance with the Public Accountability Statement requirements under the Insurance Companies Act, this report includes relevant activities of Co-operators General Insurance Company, which has equity exceeding \$1 billion, along with the activities of regulated companies owned by The Co-operators Group Limited, including:

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

For more information on these organizations, visit cooperators.ca.

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

Our report

Our Integrated Annual Report captures the activities of The Co-operators Group Limited and its major subsidiaries, unless otherwise stated, for the 2017 calendar year.

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

Our process

The 2017 Integrated Annual Report is a result of the collaboration of approximately 100 employees and external stakeholders. To ensure accuracy, this collaboration includes an extensive review, and approval of the data and content, by various departmental representatives across our group of companies. Our report is not externally assured.

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

2017 CONSOLIDATED TAX EXPENSE
(IN \$000) DOLLARS

	Income tax ¹	Premium tax	Total
Federal	40,749	0	40,749
Provincial			
Alberta	6,242	33,763	40,005
British Columbia	3,591	10,748	14,339
Manitoba	1,492	3,364	4,856
New Brunswick	1,085	2,989	4,074
Nfld. and Labrador	1,041	5,554	6,595
Nova Scotia	1,294	4,602	5,896
Ontario	13,846	52,549	66,395
Prince Edward Island	370	1,283	1,653
Quebec	1,441	5,672	7,113
Saskatchewan	2,255	7,214	9,469
Territories	146	507	653
Total Provincial	32,803	128,245	161,048
Total	73,552	128,245	201,797
Other taxes²			89,578
Total tax expense related to 2017			291,375

1. Income tax amounts are estimates for 2017 as at January 24, 2018.
2. Other taxes includes commodity, property and business, payroll, capital, and other miscellaneous taxes.

DEBT FINANCING

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

	Number of authorizations	Amount authorized
\$0 to \$24,999	6	\$25,592
\$25,000 to \$99,999	5	\$314,944
\$100,000 to \$249,999	14	\$2,495,484
\$250,000 to \$499,999	14	\$4,966,771
\$500,000 to \$999,999	19	\$13,433,401
\$1,000,000 to \$4,999,999	41	\$83,133,321
Over \$5,000,000	4	\$31,369,512
Total	103	\$135,739,025

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

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Memberships, affiliations and partners

Co-operative memberships

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

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

Other memberships

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

Affiliations and partnerships

- > Canadian Bond Investors Association (Addenda Capital Inc.)
- > Carbon Pricing Leadership Coalition
- > CDP (Carbon Disclosure Project)
 - Climate change program (Addenda Capital Inc. and The Co-operators Group Limited)
 - Water program (Addenda Capital Inc.)
 - Forests program (Addenda Capital Inc.)
 - Carbon action initiative (Addenda Capital Inc.)
- > Ceres
- > Corporate Knights' Council for Clean Capitalism
- > Imagine Canada
- > Institute for Catastrophic Loss Reduction
- > Insurance Development Forum
- > International Corporate Governance Network (Addenda Capital Inc.)
- > ICLEI Canada
- > Investor Network on Climate Risk (Addenda Capital Inc.)
- > Partners for Action Network
- > Partners in Protection Association
- > Responsible Investment Association (Addenda Capital Inc.)
- > Smart Prosperity
- > The Accounting for Sustainability CFO Leadership Network
- > The Conference Board of Canada
- > The Natural Step Canada
- > United Nations Environment Programme — Finance Initiative
- > United Nations-supported Principles for Responsible Investment (Addenda Capital Inc.)

Awards and recognition in 2017

Client satisfaction

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

Employee engagement

- > Aon Best Employers (Platinum) (The Co-operators)
- > Aon Best Small & Medium Organizations (Platinum) (Addenda)
- > Excellence Canada, Mental Health at Work, Gold
- > WorldatWork's Seal of Distinction
- > Workplace Benefits Award, Mental Health

Marketing and communications

- > Insurance Marketing and Communications Awards (IMCA)'s Awards of Excellence in:
 - Employee Audio/Visual Communications – “The Fort McMurray Fire” – Best of Show
 - External Corporate Audio/Visual Communications – “Treat Driving Like It's Your Job” – Award of Excellence
 - External Corporate Communications Campaign – “Treat Driving Like It's Your Job” – Award of Excellence
 - External Corporate Communications Campaign – “It's Our World” – Award of Excellence
 - Corporate Social Media – “Treat Driving Like It's Your Job” – Award of Excellence
 - Broadcast Media Spot or Campaign – “With The Co-operators, It's Simple” – Best of Show
 - Total Sales/Marketing/Branding Campaign over \$50K – “It's Our World” – Award of Excellence

Sustainability and corporate citizenship

- > Corporate Knights' Best 50 Corporate Citizens in Canada
 - #9 Overall; 8th consecutive year in the Top 10
 - #1 In insurance

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Supplementary governance disclosures
The Co-operators Board of Directors

Board of Directors composition and independence

The Co-operators 22-member Board of Directors (Board) consists of individuals elected from our 43 member organizations across Canada. All directors are independent from management and unrelated to the day-to-day operations of the business.

Mandate of the Board

The Board is responsible for key governance issues such as:

- > ensuring the organization's financial viability;
- > participating in developing and giving final approval of the core values, mission and strategic direction of the company and monitoring performance;
- > approving the process for selecting the president and CEO and actually appointing the president and CEO and secretary; and
- > ensuring that the Company maintains a leadership role within the insurance industry; is a good corporate citizen and provides a leadership role in the co-operative movement.

Board control of significant decisions

Management is responsible for the day-to-day management and operations of the company. Major decisions, such as significant investment transactions, acquisitions, potential acquisitions, joint ventures, financings, divestitures, or other business arrangements must be submitted to the Board for prior approval. The Board reviews the financial statements, participates actively in developing the strategic business plans for the company each year and monitors the organization's progress in achieving its financial and business plans throughout the year. It also actively participates in the four-year planning process and the monitoring and evaluation of each four-year plan as it unfolds.

Board of Directors

Directors of The Co-operators are elected at the Annual General Meeting held in April each year. The term for directors is three years, which commences at the close of the AGM.

Board demographics

The Co-operators recognizes and values diversity, including age, culture, ethnicity, gender, geographic and sectorial representation, and skill.

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BOARD OF DIRECTORS GENDER, MINORITY STATUS, LANGUAGES SPOKEN AND AGE

Gender	Men	17 (77.3%)				
	Women	5 (22.7%)				
Belong to a minority	Overall	1 (4.5%)				
	Gender	Men: 1 (4.5%)		Women: 0 (0.0%)		
Are of Aboriginal origins	Overall	1 (4.5%)				
	Gender	Men: 0 (0.0%)		Women: 1 (4.5%)		
Languages	English spoken	22 (100.0%)				
	French spoken	7 (31.8%)				
	Other spoken	1 (4.5%)				
Years of age	45–49	50–54	55–59	60–64	65–69	70+
Number of directors	1 (4.5%)	2 (9.1%)	6 (27.3%)	7 (31.8%)	3 (13.6%)	3 (13.6%)
Men	1 (4.5%)	1 (4.5%)	4 (18.2%)	6 (27.3%)	3 (13.6%)	2 (9.1%)
Women	0 (0.0%)	1 (4.5%)	2 (9.1%)	1 (4.5%)	0 (0.0%)	1 (4.5%)

GEOGRAPHIC REPRESENTATION

Region	AB	ATL	BC	MB	ON	QC	SK
Number of directors	3	3	3	1	8	2	2

DIRECTOR YEARS OF SERVICE AT THE CO-OPERATORS AND IN THE CO-OPERATIVE AND CREDIT UNION/CAISSE POPULAIRE SECTORS

Years	0–3	4–6	7–9	10–12	13–20	21–30	>30	Total
Number of Directors - The Co-operators	6	7	5	3	1	0	0	127
Number of Directors - Co-operative sector	1	3	1	0	7	5	5	523
Number of Directors - Credit union/ Caisse populaire sector	13	1	1	1	1	3	2	211

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The Co-operators Group Limited Board committee structure

The **Audit Committee** of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the company, and such other duties as directed by the Board. The committee's purpose is to oversee the:

- > accounting and financial reporting processes of the company
- > audits of the company's financial statements
- > qualifications of the public accounting firm engaged as the company's independent auditor to prepare or issue an audit report on the financial statements of the company
- > performance of the company's internal audit function and independent auditor.

The committee reviews and assesses the qualitative aspects of financial reporting to shareholders, and other key stakeholders and compliance with significant applicable legal, ethical, and regulatory requirements. The committee is directly responsible for the appointment (subject to member approval), compensation, retention, and oversight of the independent auditor. Management, on the other hand, is responsible for the preparation, presentation and integrity of the interim and annual financial statements and related disclosure documents. Management is also responsible for maintaining appropriate accounting and financial reporting policies and systems of internal controls and procedures that are in compliance with accounting standards, applicable laws and regulations and that provide reasonable assurances that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly.

The committee serves as the Audit Committee of The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company, Co-operators Life Insurance Company, The Sovereign General Insurance Company and COSECO Insurance Company. It will fulfill a monitoring role with respect to the other subsidiaries and affiliates within The Co-operators Group Limited.

The **Corporate Governance and Conduct Review Committee's** role is to:

- > develop and recommend policies and practices to maintain high standards and best practices in corporate and co-operative governance
- > serve as a centre of self-reflection to build and enhance governance effectiveness through board and director education and performance management programs
- > carry out board responsibilities with respect to the Self-Dealing provisions as set out in Part XI of the Insurance Companies Act, the other sections of the Insurance Companies Act which specifically mandate or reference the Conduct Review Committee
- > carry out board responsibilities with respect to matters involving conflicts of interests and the conduct of related parties to The Co-operators and without limiting the generality of the foregoing responsibilities of the board concerning those matters as set out in the Appendices
- > oversee the Company's¹ Regulatory Compliance Management Program, including the Company's identification of key regulations, regulatory risk management policies, compliance assessment, monitoring and reporting
- > provide oversight of the Company's Chief Compliance Officer, give guidance and advice and fulfil the oversight responsibility of the Board of Directors in relation to the Company's Compliance programs

The Committee also conducts an annual review of and advises management on the board of director's budget.

The **Member and Co-operative Relations Committee** provides oversight to strategic initiatives that ensure The Co-operators delivers on its goal to be the insurance provider of choice for member and co-operative clients and plays a leadership role in the national and international co-operative communities. The Committee oversees membership and reviews strategies to advance The Co-operators co-operative identity with its key stakeholders.

The committee also has responsibility for The Co-operators Democratic Structure Review process.

The chairperson of the Member and Co-operative Relations Committee also serves as the chairperson of the Resolutions Committee.

The **Risk and Compensation Committee** oversees the Company's² Enterprise Risk Management (ERM) Program, including the Company's identification of key risks, risk appetite, risk management policies, risk assessments, risk reporting, and program compliance. The Committee provides oversight of the Company's Chief Risk Officer, gives guidance and advice to senior management on strategic issues linked to The Co-operators Top Risk Issues and fulfils the oversight responsibility of the Board of Directors in relation to the Company's lending and investment programs.

The Committee develops for the Board's approval and periodically evaluates the Board of Directors' and President and CEO's compensation programs. It administers the performance management programs of the President and CEO and Executive Vice-President, Member Relations, Governance and Corporate Services. The Committee ensures that effective management succession plans are in place and provides oversight of the Company's responsibilities as Sponsor of The Co-operators Retirement Plan.

The **Sustainability and Citizenship Committee** is responsible for fostering best practices in sustainability governance and providing oversight of the sustainability performance of The Co-operators group of companies. It monitors and advises on measures to enhance sustainability governance practices at the Board and subsidiary boards. It reviews and recommends policies, strategies and annual plans to advance the Company towards its sustainability vision and monitors strategy and policy implementation and stakeholder engagement, including advising on sustainability vision and strategy renewal. The Committee monitors integration of sustainability risk management across the Company. It advises the Board on the sustainability impact of key decisions and emerging sustainability issues, risks and opportunities.

The Committee also provides oversight of the corporate citizenship programs of The Co-operators Group and its group of companies. Corporate citizenship is also referred to as "community investment" and pertains to corporate donations, sponsorships, employee volunteering and other aspects of our community contributions.

1. The Committee serves as the Corporate Governance and Conduct Review Committee for The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company and Co-operators Life Insurance Company (together "the Company").

2. The Committee serves as the Risk and Compensation Committee for The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company and Co-operators Life Insurance Company (together "the Company").

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The **Resolutions Committee's**³ role is:

- > to review resolutions and proposals submitted to the committee by any delegate of a member, a Region Committee, and the Board of Directors, to be presented to the Annual or Special General Meetings of The Co-operators; to ensure that the resolutions and proposals are in proper form, are in order, comply with the process adopted for resolutions, and are presented to the Annual or Special General Meeting
- > to consolidate similar motions; to consult with the Sponsor of the motion in so doing
- > to instruct the secretary or the associate secretary to distribute copies of proposed resolutions to delegates in accordance with the adopted process for resolutions

COMMITTEE MEMBERS

Audit Committee
Jim Laverick (Chairperson)
Daniel Burns
Gilles Colbert
Geri Kamenz
Denis Laverdière

Corporate Governance and Conduct Review Committee
Réjean Laflamme (Chairperson)
Marilyn Loewen Mauritz
Collette Robertson
Dave Sitaram

Member and Co-operative Relations Committee
Jack Wilkinson (Chairperson)
Denis Bourdeau
Hazel Corcoran
Michael Mac Isaac

Risk and Compensation Committee
Alexandra Wilson (Chairperson)
Roger Harrop
John Harvie
Geri Kamenz
Bob Petryk

Sustainability and Citizenship Committee
Phil Baudin (Chairperson)
Don Altman
Louis-H. Campagna
Jocelyn VanKoughnet

3. *The Resolutions Committee is comprised of eight (8) members; being one member-delegate elected from each region committee and one director from the Board of Directors. The member of the board who is appointed as chairperson of the Member and Co-operative Relations Committee also holds the position of chairperson of the Resolutions Committee.*

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DIRECTOR MEETING ATTENDANCE

The following charts report attendance of directors (who served on the Board as of December 31, 2017) at meetings of The Co-operators. Directors retired from the Board in 2017 are not included.

	Board of Directors	Annual	Region Committee
	7 Meetings	1 Meeting	2 Meetings
Don Altman	7	1	2
Phil Baudin	7	1	2
Denis Bourdeau	6/7	1	2
Daniel Burns	6/7	1	2
Louis-H. Campagna	7	1	2
Gilles Colbert	7	1	2
Hazel Corcoran	7	1	2
Roger Harrop	7	1	1/2
John Harvie ¹	7	1	7
Rick Hoevenaars ²	1/1		
Geri Kamenz	7	1	2
Réjean Laflamme	7	1	1/2
Denis Laverdière	6/7	1	2
Jim Laverick	7	1	2
Michael Mac Isaac	7	1	2
Marilyn Loewen Mauritz ³	4/4	1	0/1
Bob Petryk	6/7	1	4
Collette Robertson	7	1	2
Dave Sitaram	7	1	2
Jocelyn VanKoughnet	6/7	1	2
Jack Wilkinson	7	1	1/2
Alexandra Wilson	6/7	1	1/2

1. Chairperson, Board of Directors.
2. Elected in December 2017.
3. Elected in April 2017.

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	Audit	Corporate Governance & Conduct Review	Member & Co-operative Relations	Risk & Compensation	Sustainability & Citizenship
	5 Meetings	5 Meetings	5 Meetings	9 Meetings	4 Meetings
Don Altman					4
Phil Baudin					4
Denis Bourdeau			5		
Daniel Burns	3/5				
Louis-H. Campagna					4
Gilles Colbert	5				
Hazel Corcoran			5		
Roger Harrop				9	
John Harvie ¹	3	3	3	9	
Rick Hoevenaars ²					
Geri Kamenz	2/2			8/8	
Réjean Laflamme		5			
Denis Laverdière	3/3		1/1		
Jim Laverick	3/5				
Michael Mac Isaac		1/1	4/4		
Marilyn Loewen Mauritz ³		4/4			
Bob Petryk				9	
Collette Robertson		5			
Dave Sitaram		5			
Jocelyn VanKoughnet					4
Jack Wilkinson			5		
Alexandra Wilson				9	

1. John Harvie is the chairperson of the Board of Directors and a member of the Risk and Compensation Committee. He is an ex-officio member of the other committees and regularly attends these meetings to keep current on all Co-operators issues.

2. Elected in December 2017.

3. Elected in April 2017.

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Board education

In addition to formal Director Orientation, The Co-operators Board of Directors dedicates two days each year to board education and includes regular educational presentations in its meetings throughout the year.

Director Orientation and Orientation II sessions were provided in 2017 to support new director onboarding. New directors were assigned mentors to support their introduction to The Co-operators.

In 2013, the Board launched a Director Development Program (DDP) as a strategic pillar of its approach to overall board effectiveness. The DDP, which concluded in 2016, was a customized, competency-based program built for The Co-operators Board, by the Board. The program was delivered by a variety of external subject matter experts. The DDP included a launch event, followed by eight modules:

- > Module 1 - Knowledge of the Business: P&C Insurance
- > Module 2 - Knowledge of the Business: Life Insurance
- > Module 3 - Strategic Thinking and Decision Making
- > Module 4 - Risk Governance
- > Module 5 - CEO Compensation, Performance Management and Succession
- > Module 6 - Audit, Compliance and Regulatory Frameworks
- > Module 7 - Financial Governance
- > Module 8 - Capstone

In 2016, the program's capstone module was delivered, in which the directors participated in a board simulation activity that provided a dynamic opportunity to showcase their skill development over the duration of the program.

An independent, third-party evaluation of the DDP was conducted in 2016 to assess the effectiveness of the program and inform future board and director development.

In 2017, a Director and Board Development Learning Pathway was introduced that looks at all director and board education activities as parts of a whole. The program seeks to use the biannual board education days to maintain focus on core competencies and introduce new content, while developing and offering new approaches to learning that are customizable to directors based on their individual backgrounds and experiences. The customized approach to training and development encourages director participation in a variety of activities, including but not limited to webinars, committee education sessions, mentorship programs, and accredited designations. A comprehensive calendar highlighting external education opportunities was introduced in 2017 to support and encourage independent training and development activities.

- In 2017 the biannual board education days focused on the subjects of:
- > Investment Management
 - > Presenting Ideas with Impact
 - > Top Risks Facing the Insurance Industry
 - > Artificial Intelligence
 - > Canadian Climate Change Policy
 - > Wealth Management

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Director training and development

Each director has access to an individual training and development allowance to fund personal performance enhancement training. Up to \$15,000 per three-year term is available to fund participation in individual director skills-based training and development.

All activity supported by this fund requires pre-approval by the chairperson of the Board. Additionally, directors are encouraged to prepare a report summarizing their experience for information sharing with their colleagues. In 2017, directors completed 71 days of individual training and development activities.

DIRECTOR TRAINING AND DEVELOPMENT INVOLVEMENTS – January 1 to December 31, 2017

Name	Event	# of days
Don Altman	Audit Committee Education Day	1
	KPMG Annual Insurance Issues Conference	1
Phil Baudin	KPMG Annual Insurance Issues Conference	1
Denis Bourdeau	Audit Committee Education Day	1
	ICMIF/Americas Conference	3
Louis-H. Campagna	ICMIF/Americas Conference	3
Gilles Colbert	ICD - Enterprise Risk Oversight	1
Hazel Corcoran	Director Orientation II	1
	LIMRA/LOMA Insurance Immersion	1.5
Roger Harrop	LIMRA/LOMA Conference	1
	ICMIF Biennial Conference	5
John Harvie	ICA Congress	4
	ICMIF/Americas Conference	3
Réjean Laflamme	GPC - Gender Diversity Seminar	1
	ICA Congress	4
Denis Laverdière	CPA Conference for Audit Committees	2
	ICA Congress	4
Jim Laverick	CPA Conference for Audit Committees	2
	LIMRA/LOMA Conference	1
Michael Mac Isaac	KPMG Annual Insurance Issues Conference	1
	New Director Orientation I	1.5
Bob Petryk	New Director Orientation II	1
Collette Robertson	LIMRA/LOMA Conference	1
	ICMIF Biennial Conference	5
Dave Sitaram	ICD - Cyber Security	1
	ICD - Strategic Planning	1
	ICD - Directors in the Digital Age	1
	Audit Committee Education Day	1
	ICD - Who's on Board	1
Jocelyn VanKoughnet	ICD - Enterprise Risk Oversight	1
	LIMRA/LOMA Conference	1
	KPMG Annual Insurance Issues Conference	1
Jack Wilkinson	ICA Congress	4
Alexandra Wilson	ICMIF Biennial Conference	5
	ICA Congress	4

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Director competencies

The Board of Directors believes it is important to articulate and communicate the desired skills, knowledge, experience and attributes of members serving on its board and committees.

A Director Skills Matrix was adopted by the Board in 2013 and is shared with the membership to inform and support The Co-operators nomination and election process as well as the Board’s Populating Committee’s process.

Desired skills, knowledge, experience and attributes

It is critical that The Co-operators Board of Directors be comprised of individuals that collectively possess a healthy balance of skills, expertise and perspectives to provide effective oversight to The Co-operators group of companies.

While directors are expected to exhibit independence of action and thought, it is also important they have the ability to work as a team in advancing the best interests of The Co-operators.

In addition to the qualifications of directors set out in the board mandate policy, each director is expected to bring to the board table related skills, knowledge, experience and personal attributes to add value to The Co-operators.

The Institute of Corporate Directors (ICD) identifies ‘18 Competencies of an Effective Director’. The matrix on [page AP-10](#) was developed utilizing the competencies promoted by the ICD and has been customized to reflect the needs of The Co-operators as a co-operative insurer/financial services provider, member and democratically controlled organization.

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DIRECTOR SKILLS MATRIX

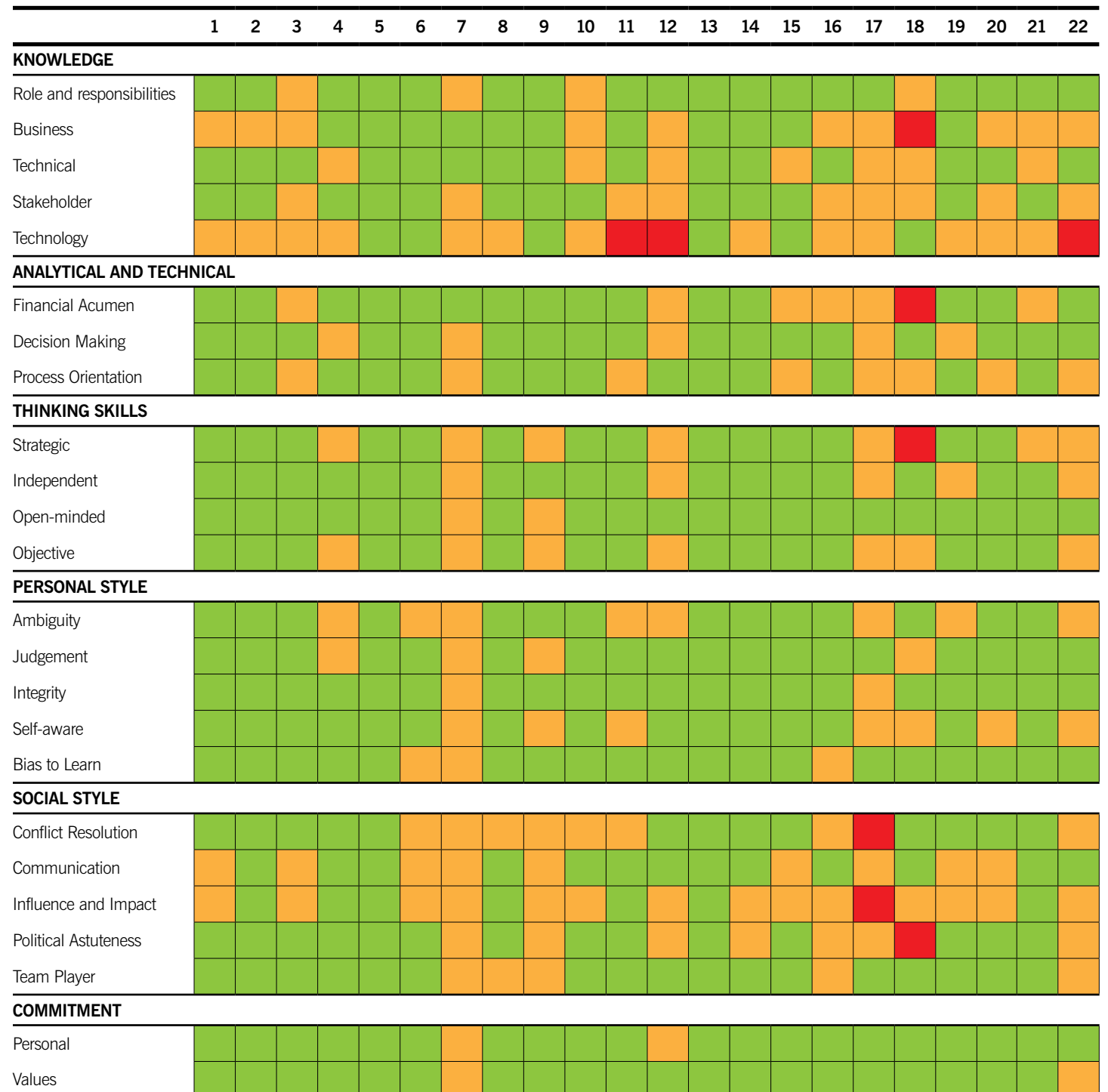
	Competencies and attributes	Definition
Knowledge	Board role and responsibilities	Understands director and board responsibilities, accountabilities and liabilities. Experience with and knowledge of co-operative and corporate governance structures, processes and best practices.
	Business	Understands The Co-operators structure, core business and insurance/financial services industry.
	Technical	Relevant insurance/financial services industry and risk management experience.
	Stakeholder	Understands The Co-operators key stakeholders, member organizations and co-operative sector.
	Technology	Ability to identify and assess technology issues through a risk and strategic lens.
Analytical and technical skills	Financial acumen	Able to read, interpret and assess financial reports.
	Decision making	Able to identify and diminish ‘group think’ tendencies and recognize decision-making biases in board discussions. Willing to support and promote board decisions.
	Process orientation	Makes decisions and seeks outcomes by consistent application of logical analysis.
Thinking	Strategic	Experience and ability to think strategically by integrating or linking a range of internal and external factors impacting The Co-operators business environment.
	Independent	Maintains own convictions and reaches own conclusions despite undue influence, opposition or threat.
	Open-minded/ Information seeking	Values the diverse opinions of others and builds on the foundation of other people's views.
	Objective	Draws conclusions by impartial evaluation of a range of perceptions, considerations and options without prejudice or bias.
Personal style	Ambiguity and risk tolerance	Retains a positive outlook when the group is unable to resolve an issue or reach a conclusion. Willing to take a measured risk even when the outcomes are uncertain. Understands and able to balance the relationship between risk and reward.
	Judgement	Applies common sense, measured reasoning, knowledge and experience to reach a conclusion.
	Integrity	Trustworthy and conscientious. Acts and speaks with consistency and honesty.
	Self-aware	Assesses strengths and weaknesses of self and manages them successfully.
	Bias to learn	Invests time learning about the organization, its people, challenges and opportunities and the industry in which The Co-operators operates.
Social Style	Conflict resolution	Works to ensure conflict is resolved respectfully and inclusively in order to maintain/restore healthy relationships.
	Communication	Gives and receives information with clarity, attentiveness, understanding and perception.
	Influence and impact	Ability to influence peers, management and stakeholders.
	Political astuteness	Experienced and adept with board and stakeholder relations.
	Team player	Able and willing to work co-operatively in a team environment.
Commitment	Personal	Demonstrates interest in the long-term success of The Co-operators and ability to be an ambassador for the organization.
	Values	Understands, supports and promotes The Co-operators mission, vision, values and Code of Conduct.

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In 2016, an assessment of the director skills, experience and knowledge was conducted by an external consultant to produce a heat map of the current director attributes, demonstrating the areas of strength of the Board and opportunities for improvement through continued education and training. Directors who joined the board in 2017 were asked to complete a self-assessment of their skills, experience and knowledge. The Director Skills Matrix and results of the Assessment were shared with the membership in the call for director nominations. Members were requested to give consideration to the needs and goals of the organization when nominating candidates to serve on the Board of Directors. The chart below summarizes the individual results for each director, on a three point scale:

- indicates a good or strong level of skills, experience and/or knowledge (Confident)
- indicates a basic level of skill, experience and/or knowledge (Developmental)
- indicates a poor or inadequate level of skill, experience and/or knowledge (Low)



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Individual Director Assessment

Directors participate in a biennial Individual Director Assessment (IDA) process. Directors, along with the senior management regularly in attendance at board meetings, contribute to the peer review. The IDA results are shared with each director and the chairperson of the board. The chairperson conducts a follow-up meeting with each director to debrief their results and discuss their personal action plan.

A biennial chairperson evaluation process is also in place to consider the role, responsibilities, desired competencies, personal qualities and behaviours for the position and provide the chairperson with feedback on their effectiveness in the role.

The Corporate Governance and Conduct Review Committee of the Board reviews the aggregate results of the IDA and meets with the chair of the Board to discuss the results of their assessment.

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Board of Directors budget

The Board of Directors budget includes the costs associated with director remuneration and expenses; board/committee meetings and communication; training and development; and board-sponsored initiatives.

The 2017 board budget expenses totaled \$2,835,400, compared to \$3,743,780 in 2016. The change in year-over-year costs is attributable to reduced director travel due to meetings located in central Canada and decreased expenditures on special projects undertaken by the board in 2017.

Board/Director compensation

Board of Directors compensation philosophy

A skilled and dedicated board is essential to the effective governance of The Co-operators group of companies. In compensating the chairperson and members of the Board for their service, the company wishes to:

- > Offer a compensation package that, taken as a whole, is competitive within the Canadian marketplace for multi-line insurance companies and co-operatives of similar size and scope of business to that of The Co-operators;
- > Maintain consistency with the company's philosophy for the compensation of its executives and other employees.

Principles

The following principles guide the development of the Director Compensation Plan:

- > Our compensation practices should motivate directors to keep the long-term interests of the company in the forefront at all times;
- > Compensation should put service before personal gain, while being sufficient to attract directors of appropriate skill and experience;
- > Compensation should vary with the responsibility, expected time commitment and potential risk associated with different positions within the Board. Accordingly, the chair of the Board and chairs of board committees will receive additional compensation;
- > Compensation should promote full attendance at board and committee meetings, while recognizing that the core responsibilities of a director and risks assumed do not vary directly with the time spent attending meetings. Accordingly, cash compensation will take the form of a fixed retainer, supplemented by a per diem fee for attendance at meetings and other approved activities;
- > Compensation should recognize that directors come from widely varying distances to attend meetings. Accordingly, fees will be paid for travel time;
- > Directors should be fully reimbursed for reasonable out-of-pocket expenses incurred in the performance of their duties as directors;
- > Members of the Board should be encouraged to higher performance through continuous learning and development. Accordingly, financial support will be available for approved activities.

Current compensation

- > The chairperson receives an annual retainer of \$90,000;
- > All other directors receive an annual retainer of \$28,000;
- > The chairperson of the Audit Committee receives an additional annual retainer of \$12,000 to recognize the additional time commitment/responsibilities of this role;
- > The chairperson of the Risk and Compensation Committee receives an additional annual retainer of \$10,000 to recognize the additional time commitment/responsibilities of this role;
- > The chairperson(s) of other standing board committees (Corporate Governance and Conduct Review; Member and Co-operative Relations, and Sustainability and Citizenship) receive an additional annual retainer of \$8,000; and
- > All directors receive a per diem of \$750 a day, for attendance at board meetings, board committee meetings, or other functions attended by the director on behalf of CGL or its subsidiaries.

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Governance policies

The Co-operators Board of Directors maintains a fulsome Board Policy Monograph that details its oversight functions to help achieve the Board Mandate. The monograph includes policies pertaining to regulatory activities and governance best practices which are reviewed by the standing committees and Board of Directors at scheduled intervals to maintain their relevance and accuracy. Although there is a diverse and robust suite of policies included in the monograph, policies identified in the Integrated Annual Report are detailed below.

Conflict of Interest Policy

Background: The Insurance Companies Act, Canada, as amended governs the activities of most of the insurance companies within The Co-operators group of companies. This Act has specific statutory requirements related to acts or policies which the Board of Directors is required to establish or identify. One such requirement is the requirement to ensure that procedures have been established to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information. This includes the requirement for the Board or a board committee to exercise oversight over this process.

By motion of the Board as at November 13, 1992, the Board approved a “Conflict of Interest” policy to comply with the requirements of the Insurance Companies Act. Since that time a number of other policies have been adopted both by the Board and by the Company with respect to Conflicts of Interest, a Code of Ethics and Director Conduct. In reviewing the company’s various policies in this regard it has been determined that it is desirable to update and consolidate references herein to those various policies. The Acts governing the four primary companies to which this policy applies also have specific provisions with respect to conflicts of interests by officers or directors.

Policy: The Co-operators endorses business activity, premised on professional ethics, in a working environment free from real, perceived or potential conflicts of interest. Activity which compromises objective business decisions and/or results in inappropriate personal gain is prohibited.

A high standard of conduct is also expected with respect to the use and disclosure of information which is confidential to the company, to directors or employees of the company, to policyholders or to any other person where by agreement or the operation of law the information is required to be maintained in a confidential manner.

Procedure:

The following procedures are provided for clarification purposes only and in no way limit the scope of the general rules established by this policy.

1. The Compliance Officer shall prepare and distribute annually a conflict of interest declaration form for officers and directors of the Company to be distributed no later than January of each year;
2. That the Compliance Officer annually prepares a summary of the number of officers and directors who have or who have not completed a conflict of interest form, and with respect to those who have completed the form, notes any conflicts which had been identified and how they had been resolved;
3. That the Compliance Officer’s report noted in 2 hereof shall be presented to the meeting of the Corporate Governance & Conduct Review Committee following the collection of the information in each year;
4. The senior vice-president, Human Resources of the Company and his or her designate(s) are responsible for ensuring that staff members are aware of and understand policies relating to ethical conduct, in particular the Company’s Code of Ethics which includes the Conflict

of Interest Policy for staff and the Corporate Opportunities for Senior Management Policy. The appropriate level of Management is also responsible to ensure that those policies are complied with, that appropriate ‘sign-offs’ are obtained as required by those policies, and that conflict of interest situations are appropriately resolved in accordance with those policies.

5. A director or officer of the Company shall not participate in discussions or vote on matters which relate to any person or entity in which they have a material interest. A director or officer shall declare the potential conflict as soon as is practicable before the matter is discussed and absent him or herself from the board meeting which is dealing with such a matter.
6. Directors appointed to the Board of Directors of a subsidiary company of The Co-operators pursuant to Board Policy No. 20 (Subsidiary Board Governance) shall absent him or herself from any discussion at the board of the parent company related to the subsidiary company where his or her duty as a fiduciary of the parent company and the subsidiary may conflict, or where the appropriateness of a course of action of the subsidiary with respect to any action or transaction is being questioned by the parent board, or where a corporate opportunity has or is being proposed to be presented to the parent board by the subsidiary company.
7. Directors or officers attending board meetings who believe they may have a conflict of interest on matters before the Board shall disclose its existence to the Board at the time they realize that they have a conflict of interest or as soon as is reasonably practicable thereafter and request that the declaration of the conflict of interest be entered into the minutes of the meeting.
8. Disclosure by a director or officer as provided herein shall be made:
 - (a) at a meeting at which an issue related to his or her potential conflict of interest is first considered;
 - (b) where a director’s interest is in an issue which did not put him or her into a potential conflict of interest position at the first meeting at which it was discussed, at the first meeting after he or she becomes so interested;
 - (c) where a director’s interest is in an issue which puts him or her in a potential conflict of interest situation after the issue is discussed, at the first meeting after he or she becomes so interested; or,
 - (d) if a person who has an interest in an issue, which puts him or her in a potential conflict of interest, later becomes a director, at the first meeting after he or she becomes a director.
9. Every director and officer shall keep confidential all information respecting the business or transactions of the company, particularly information with respect to clients of the company, staff and company proprietary interests, including lawsuits in which the company is either the plaintiff or a defendant and shall disclose such information only in the following circumstances and only if in such circumstance it is not otherwise prohibited by the operation of law:
 - (a) to a person acting in a confidential or professional relationship with the Company;
 - (b) to a financial institution with which the Company has transactions which may involve confidential matters;
 - (c) to a credit granting or to a reporting agency, on a confidential basis and where permitted by law;
 - (d) to the Office of the Superintendent of Financial Institutions for Canada or to any other regulatory authority where permitted or required by applicable law;
 - (e) to protect the interests of the Company, where permitted by law;
 - (f) with the prior written consent of the person to whom the confidential information relates and where it is otherwise permitted by law;
 - (g) to any other person entitled to the information by the operation of law.

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- 10. To the extent information at board or other meetings of the Company is intended to be confidential, the chair or the appropriate management person will indicate the items to be discussed which are to be kept as confidential by the Board and management.
- 11. Where confidential information is disclosed by a director or officer, the person disclosing the information has the obligation to forthwith advise the chairperson of the Board (in the case of directors and the chief executive officer) or the appropriate CEO, senior vice-president or vice-presidents in the case of management.

Code of Conduct Policy

Background: The Board of Directors of The Co-operators oversees the management of the Company. It ensures that management operates in accordance with codes of conduct and procedures to ensure that staff and the Company discharge their fiduciary duties with the utmost good faith, to the highest standard and with a view to the best interests of the Company. Given the different roles played by the Board, directors and staff, codes of conduct must be in place and appropriate for each. As fiduciaries of The Co-operators the Board of Directors and each director collectively and individually commit ourselves to upholding the highest standards of conduct in serving the best interests of The Co-operators. That is the purpose and background to this policy.

Policy: The Board of Directors and each director of The Co-operators commits him or herself to:

- 1. Discharge his or her duty in good faith, competently, diligently, in accordance with best practices applicable to directors and with a view to the best interests of the Company;
- 2. Hold the highest level of integrity as our standard of conduct;
- 3. Ensure that the Company complies both with the spirit and the intent of applicable laws, including those intended to promote good corporate citizenship and accountability;
- 4. Ensure that the Company complies both with the spirit and the intent of the principles of the International Cooperative Alliance;
- 5. Ensure that the Company conducts itself in the communities it serves as a good corporate citizen;
- 6. Promote, support and encourage by example management practices which reinforce our mission and core values, equitable employment practices, anti-harassment policies, ethical practices and dealings;
- 7. Conduct our dealings with and on behalf of the company observing the highest standard of ethics and in a manner to avoid possible conflicts of interests;
- 8. Participate fully in the democratic structure of The Co-operators including attending all or substantially all of meetings of the Board of Directors of the Company as well as the region committee meetings in the regions from which the director was nominated or who he or she represents as well as the Annual General Meeting or any Special General Meetings of the Company.

Procedure:

- 1. Any allegations of conduct unbecoming a director of The Co-operators pursuant to this policy may be referred to the Board of Directors for appropriate action;
- 2. Any allegation made under 1 shall be considered by the Corporate Governance & Conduct Review Committee;
- 3. The Corporate Governance & Conduct Review Committee shall meet in-camera, shall hear any evidence which it deems appropriate, including the evidence of any advisors it chooses to consult and shall

- give the affected director the opportunity to be heard and to examine evidence produced before it prior to making any decision or rendering any judgment;
- 4. The Corporate Governance & Conduct Review Committee may make any recommendation it deems to be reasonable in the circumstances up to and including dismissal from the Board;
- 5. The Board of Directors shall consider any recommendations of the Corporate Governance & Conduct Review Committee in camera and may make a decision with respect to disciplinary action where appropriate;
- 6. Any director against whom a finding may be made is entitled to a hearing before the full Board before any finding is made;
- 7. Where The Corporate Governance & Conduct Review Committee proposes in its recommendation to dismiss the director from the Board, the proposal of the committee must be unanimous and must be made in the context of a recommendation to be endorsed by the Board of Directors, having given the director the opportunity to be heard as required by relevant legislation, to have the members under section 88 (1) of the Canada Cooperatives Act, the shareholder under section 109 (1) of the Canada Business Corporations Act and the shareholder or policyholders as the case may be, under section 181 of the Insurance Companies Act remove the director from office at a meeting specially called for the purpose or at the next regularly scheduled meeting of members, shareholders or policyholders as the case may be, which meeting shall be deemed to be a special meeting called for the purpose;
- 8. Nothing herein restricts the ability of the Board at its own instance to make a recommendation to the members or shareholders as the case may be to dismiss a director from the Board as the result of behaviour unbecoming a director.

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Board of Directors: Profiles



Don Altman
Ontario

Don Altman joined The Co-operators board in April 2013. He is a member of the Sustainability and Citizenship Committee and served on the Member and Co-operative Relations Committee. Don was a delegate to The Co-operators representing former member Ontario Natural Food Co-operative from June 2007 to April 2013.

Don is a director on the boards of Karma Food Co-operative and Home Ownership Alternatives.

During his 35-year career with the City of Toronto, he held several positions in the finance department and retired from the position of manager of corporate financial strategies in the spring of 2016.

Don holds a Bachelor of Arts in Geography from the University of Toronto and a Master of Science in Geography from Northwestern University. He is a graduate of the Credit Union Director Achievement Program.

Don received a Co-operative Lifetime Achievement Award from the Ontario Co-operative Association; the Gary Gillam Award for Social Responsibility; and is an Honorary Lifetime Member of the Co-operative Housing Federation of Toronto.



Phil Baudin
British Columbia

Phil Baudin joined The Co-operators board in April 2013. He is the chairperson of the Sustainability and Citizenship Committee and served on the Member and Co-operative Relations Committee. Phil was a delegate to The Co-operators representing Modo Co-operative from August 2009 to April 2013.

Phil is on the board of Realize Strategies Co-op and the BC Co-op Association as an appointed representative of The Co-operators.

Phil is active in the area of co-operatives and community service and has led a variety of sustainability-driven organizations, and is a volunteer mentor to managers and directors in the sector.

Over the course of his business career, Phil held senior management positions at IBM, executive leadership positions in professional service firms, and has extensive experience as a business consultant to large national service organizations.

Phil has a Bachelor of Commerce from the University of Manitoba.



Denis Bourdeau
Ontario

Denis Bourdeau joined The Co-operators board in April 2009. He serves on the Member and Co-operative Relations Committee and was a member of the Investment Policy Committee. Denis served as a delegate to The Co-operators representing GROWMARK, Inc. from February 2008 to June 2009.

Denis has participated on several boards and has been a director of La Coopérative agricole d’Embrun for 27 years, holding the position of president for 15 years. He also served as a director on the board of Embrun caisses populaire and GROWMARK, Inc., where he completed their Director Certification Program. Denis was also an elected township counselor.

Denis owns and operates a cash crop farm as well as a bed and breakfast.

Denis received an Ontario Co-operative Association Lifetime Achievement Spirit Award in 2006. In 2008, he received the Agricultural Merit Award from the Russell County Soil & Crop Association for exceptional contribution to the well-being of agriculture in the county. In 2014, Denis was awarded a Lifetime Achievement Award for service to the co-operative sector at the Conseil de la coopération de l’Ontario 50th anniversary gala.

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Daniel Burns
British Columbia

Daniel Burns joined The Co-operators board in April 2007 and is a member of the Audit Committee. He was the chairperson of the Sustainability and Conduct Review committees, and also served as a member of the CEO Search and Executive committees. Daniel was a delegate to The Co-operators representing Central 1 Credit Union from May 2005 to April 2007.

Daniel is the former chairperson of Central 1 Credit Union, Credit Union Central of Canada, Canadian Central's National Legislative Affairs Committee, and the World Council of Credit Unions. He also served as director of the Canadian Co-operative Association.

Daniel is a lawyer, accountant and entrepreneur. He is the CEO of BNW Travel Management Ltd. He is a member of the Law Society of British Columbia and of the Chartered Professional Accountants of Ontario.

Daniel is a graduate of the University of Western Ontario, receiving a Bachelor of Arts in Economics degree; University of British Columbia, Juris Doctor (Law); the University of Toronto, Master of Business Administration; and the University of St. Gallen, Switzerland, Executive Master of Business Administration. He also holds the Certified Director Designation from the Institute of Corporate Directors.



Louis-H. Campagna
Québec

Louis-H. Campagna joined The Co-operators board in April 2015 and is a member of the Sustainability and Citizenship Committee. He served as a delegate to The Co-operators representing the Co-operative Housing Federation of Canada from April 2013 to April 2015.

Louis has extensive involvement in the co-operative movement as treasurer of the Confédération québécoise des coopératives d'habitation; president of the technical resources group of the Société d'aide et de services aux coopératives; chairperson of the Cooperative d'habitation L'Îlot fleuri; and vice-chairperson of la Fédération régionale des coopérative d'habitation de Québec et Chaudière-Appalaches.

Louis is a career firefighter and has been a lieutenant fire service instructor with Québec City's fire and fire prevention department since 2010.



Gilles Colbert
Saskatchewan

Gilles Colbert joined The Co-operators board in April 2015 and is a member of the Audit Committee. He served as a delegate to The Co-operators representing Credit Union Central of Saskatchewan (SaskCentral) from September 2012 to April 2015.

Gilles is currently on the board of directors of SaskCentral, where he represents the Peer Group 3 Saskatchewan Credit Unions, and is co-chair of the Audit and Risk Committee.

Gilles was in the credit union system for 30 years and has completed the Canadian Securities Course. He was the general manager at Unity Credit Union for 16 years before his retirement in 2000.



Hazel Corcoran
Alberta

Hazel joined The Co-operators board in April 2016 and serves on the Member and Co-operative Relations Committee. She served as a delegate to The Co-operators representing the Canadian Worker Co-operative Federation from January 2008 to April 2016.

Hazel is a director on the Unitarian Church of Calgary Board of Trustees and is a former director on the board of Co-operatives and Mutuels Canada, where she held the position of vice-chair.

Hazel has been the executive director of the Canadian Worker Co-operative Federation since 1995, and the executive director of CoopZone since 2009. She has been admitted to the Bar of Ontario and of Alberta.

Hazel received an Honours Bachelor of Arts degree from the University of Alberta in French, Spanish and Romance Linguistics; a Master of Arts in Linguistics from the University of California, Berkeley; and a Juris Doctor (Law) from Dalhousie University.

In 2016 Hazel received the William J. Nelson Contribution to Association of Cooperative Educators Award and in 2012 she received the Co-operative Merit Award from the Conseil canadien de la coopération et de la mutualité, which was a precursor national apex organization to Co-operatives and Mutuels Canada.

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Roger Harrop
Ontario

Roger Harrop joined The Co-operators board in April 2012. He is a member of the Risk and Compensation Committee and served on the Corporate Governance and Conduct Review Committee. He served as a delegate to The Co-operators representing Gay Lea Foods Co-operative Limited (Gay Lea Foods) from February 2008 to April 2012.

Roger is a director for Progressive Dairy Operators and a former board member of Gay Lea Foods, where he served on the Audit Committee.

Roger retired in 2016 from his dairy farm operation and is presently a cash crop farmer. He holds a diploma in agriculture.



John Harvie
New Brunswick

John Harvie joined The Co-operators board in April 2011. He became chairperson of the board in 2014 and is a member of the Risk and Compensation Committee. He is the former chairperson of the CEO Search and Audit committees. John served in the capacities of alternate delegate and delegate to The Co-operators representing former member Co-op Atlantic from November 2006 to April 2011.

In spring 2011, John retired from Co-op Atlantic, where he held the position of CEO. He finished his formal education with a Bachelor of Science degree in Agriculture from Macdonald College of McGill University.

John was appointed to the Nova Scotia Co-operative Council board of directors representing The Co-operators in August 2012. In June 2014, he received the Global Co-operator Award from the Co-operative Development Foundation (CDF) of Canada.



Rick Hoevenaars
Ontario

Rick Hoevenaars joined The Co-operators board in December 2017. He served in the capacities of alternate delegate and delegate to The Co-operators representing Central 1 Credit Union from May 2012 to July 2017.

Rick is the chairperson of the Central 1 Credit Union board of directors. He serves on the CUCO Co-operative Association board of directors and the University of Western Ontario Audit Committee.

Rick is the executive vice president, finance and chief financial officer at Libro Credit Union. He holds a Chartered Professional Accountant, Certified General Accountant designation and is a fellow of the Credit Union Institute of Canada. Rick has completed the Queen's School of Business Executive Program.



Geri Kamenz
Ontario

Geri Kamenz joined The Co-operators board in April 2014. He is a member of the Risk and Compensation and Audit Committees and former member of the Sustainability and Citizenship committee. Geri served in the capacities of alternate delegate and delegate to The Co-operators representing the Ontario Federation of Agriculture from June 2007 to April 2014.

Geri stepped down as chairperson of the Ontario Farm Products Marketing Commission at the end of 2016, having served in the position for over eight years as the longest-serving chairperson in the history of the Commission. He served as president of the Ontario Federation of Agriculture from 2006 to 2008.

Geri owns and operates a first-generation multiple-enterprise farm business. He was formally educated as an Aviation Engineering Technologist and pilot, and served in the Canadian Armed Forces and in commercial flying before pursuing a career in agriculture.

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Réjean Laflamme
Québec

Réjean Laflamme joined The Co-operators board in April 2010 and is the chairperson of the Corporate Governance and Conduct Review Committee. He is a member of the Community Economic Development Fund board and its investment subcommittee. He also served on the Investment Policy Committee. Before joining The Co-operators board, Réjean was a delegate to The Co-operators representing the Fédération des coopératives funéraires du Québec from May 2007 to April 2010.

Réjean’s involvement in the co-operative movement includes roles as chairman of the Coopérative funéraire Brunet and treasurer of the Fédération des coopératives funéraires du Québec.

An economist by profession, Réjean is a consultant for Tango RJ Consultant Inc. In May 2011, on a contract basis with his consulting firm, he was named interim executive director of the Conseil canadien de la coopération et de la mutualité, which was a precursor national apex organization to Co-operatives and Mutuals Canada.

Réjean has a Bachelor of Arts in Economics with a co-operative specialization and a Master of Arts in Economics from Université de Sherbrooke.



Denis Laverdière
New Brunswick

Denis Laverdière joined The Co-operators board in November 2008 and is a member of the Audit Committee. He served on the Member and Co-operative Relations and Investment Policy committees. Denis was a delegate to The Co-operators representing UNI Coopération financière (formerly La Fédération des caisses populaires acadiennes limitée) from May 2002 to October 2008.

Denis retired as executive vice-president, distribution at UNI coopération financière in the spring of 2017, after 30 years of service with the organization.

Denis holds a Bachelor’s degree in Administrative Sciences from Université Laval, as well as the Chartered Professional Accountant, Certified General Accountant designation.



Jim Laverick
Alberta

Jim Laverick joined The Co-operators Board in April 2011. He is a member of the Audit Committee and also served on the recent CEO Search Committee in 2016. He formerly served as a member of the Risk and Compensation, Executive and Investment Policy committees. Previously, Jim served as a delegate to The Co-operators representing United Farmers of Alberta (UFA) Co-operative Limited from May 2008 to April 2011.

Jim is on the board of Addenda Capital Inc., a subsidiary of The Co-operators. Jim has been a member of the UFA Board of Directors since 2008 and was chairperson from 2010 – 2014. He has also served as a director of the Canadian Co-operative Association along with several other co-operative boards.

Jim joined The Co-operators in 1970 and over a 38-year career held a variety of positions of increasing responsibility, retiring in June 2007 as vice-president, Western Region. Jim holds a Chartered Life Underwriter designation.



Michael Mac Isaac
Nova Scotia

Michael Mac Isaac joined The Co-operators board in April 2014 and serves on the Member and Co-operative Relations Committee. He is a former member of the Corporate Governance and Conduct Review Committee. He served in the capacities of alternate delegate and delegate to The Co-operators representing Atlantic Central from March 2010 to April 2014.

Michael served as a director of Atlantic Central and was a director of Credit Union Central of Nova Scotia prior to the Atlantic Central amalgamation in 2007. He was also a director to East Coast Credit Union for over 20 years.

Michael is a retired health care manager and respected community advocate. He has been involved in some aspect of the co-operative movement for most of his life. He is also a graduate of the Credit Union Director Achievement Program.

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Marilyn Loewen Mauritz
British Columbia

Marilyn Loewen Mauritz joined The Co-operators board in April 2017 and is a member of the Corporate Governance and Conduct Review Committee. She served as a delegate to The Co-operators representing Central 1 Credit Union from June 2015 to April 2017.

Marilyn currently serves on the board of directors of BC College of Registered Nurses. She served on the boards of Vancouver Opera and International Women's Forum – Vancouver Chapter.

Marilyn is the senior vice president, general counsel and corporate secretary of Central 1 Credit Union, responsible for all legal matters across the organization and working closely with Central 1's board of directors on matters of corporate governance.

Marilyn obtained her Bachelor of Laws degree from the University of Calgary and holds a Bachelor of Arts degree from McMaster University. She is admitted to the Law Society of British Columbia and of Alberta.



Bob Petryk
Alberta

Bob Petryk joined The Co-operators Board in April 2016 and is a member of the Risk and Compensation Committee. He served as a delegate to The Co-operators representing Credit Union Central of Alberta from April 2013 to April 2016.

Bob is on the board of Credit Union Central of Alberta where he serves as second vice-chair. He is also a director of First Calgary Financial Credit Union Limited.

Bob is the managing director of Petwin Bancorp Inc.

Bob has Commerce and Law degrees from the University of Calgary and a Master of Business Administration from the University of Western Ontario. He also holds the Certified Director Designation from the Institute of Corporate Directors and has completed several courses through the Credit Union Director Achievement Program.



Collette Robertson
Saskatchewan

Collette Robertson joined The Co-operators board in April 2014 and is a member of the Corporate Governance and Conduct Review Committee and chairperson of the Community Economic Development Funds board. She served as a delegate to The Co-operators representing the Regina Community Clinic from June 2009 to April 2014.

Collette is a director of Regina Community Clinic, serving on the board executive in the role of secretary. She is also The Co-operators representative on the Saskatchewan Co-operative Association.

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.



Dave Sitaram
Ontario

Dave Sitaram joined The Co-operators board in April 2007 and is a member of the Corporate Governance and Conduct Review Committee. He is a former member of the Sustainability and Citizenship Committee and former chairperson of the Corporate Governance Committee. Dave served as a delegate to The Co-operators representing Credit Union Central of Ontario from October 2004 to May 2006.

Dave is a former director of the Ontario Co-operative Association, Credit Union Central of Ontario, and Central 1 Credit Union, where he was chair of the Corporate Governance and Conduct Review Committee. He has served on the boards of the Canadian Co-operative Association, the International Co-operative Alliance America's region, Auto Workers Community Credit Union, and Oshawa Community Credit Union. Dave has completed the Credit Union Director Achievement Program.

In 2013, the Ontario Co-operative Association presented Dave with a Long-term Service Award, which is given to those who have achieved 25 or more years of volunteer service to one or more Ontario credit unions.

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Jocelyn VanKoughnet
Manitoba

Jocelyn VanKoughnet joined The Co-operators board in April 2014 and is a member of the Sustainability and Citizenship Committee. Jocelyn was a delegate representing Federated Co-operatives Limited (FCL) from November 2012 to April 2014.

Jocelyn served on the board of Carman Co-op for 12 years, and in 2012 was elected to the board of FCL, where she chairs the Human Resources Committee. On the FCL board, she served as chair of the Social Responsibility Committee; as a member of the Governance Committee; and as the Winnipeg region chair. Since 2015, Jocelyn has been the chair of the Manitoba Co-operative Association. She is also a member of the Advisory Committee to the University of Winnipeg Business Chair in Co-operative Enterprise.

Jocelyn earned a degree in Human Ecology from the University of Manitoba. She was a partner and manager of a general insurance brokerage, and is now a partner in a family-operated grain business.



Jack Wilkinson
Ontario

Jack Wilkinson joined The Co-operators board in April 2007. He serves as chairperson of both the Member and Co-operative Relations and Resolutions committees. During his tenure on the board, he has been a member of the CEO Search, Sustainability, and Executive committees, and was chairperson of the Democratic Structure Review¹ Committee. Jack was a delegate to The Co-operators representing the Ontario Federation of Agriculture (OFA) from May 2002 to April 2007.

Jack serves as chair of the Nipissing-Sudbury Co-op and is also The Co-operators representative to the Co-operatives and Mutuals Canada board. Jack served as president of OFA from 1999 to 2001 and was president of the International Federation of Agriculture Producers and the Canadian Federation of Agriculture.

Jack is a retired Captain from the Canadian Armed Forces and the recipient of an Honours Doctorate of Laws from the University of Guelph. He is self-employed as a grain and oilseed producer on his family farm.



Alexandra Wilson
Ontario

Alexandra Wilson joined The Co-operators board in April 2000 and serves as vice-chairperson of the board as well as chairperson of the Risk and Compensation Committee. Alexandra was a member of the CEO Search, Democratic Structure Review¹ and Executive committees, and former chairperson of the Sustainability and Audit committees. She was a delegate to The Co-operators representing Co-operative Housing Federation of Canada from May 1989 to April 2000.

Alexandra is a member of the boards of the International Co-operative Alliance, The CUMIS Group Limited, a subsidiary of The Co-operators, and the Funeral Co-operative of Ottawa. She is a member of the Sustainability Advisory Board of CPA Canada and is a long-time member of Alterna Savings Credit Union, where she chaired the Credit Committee from 2000 to 2007. She served for eight years as a board member of Citizens Bank of Canada and Citizens Trust Company, chairing the Audit Committee and participating in the Corporate Governance and Executive Compensation, Conduct Review, and Credit committees.

After 15 years as executive director of the Co-operative Housing Federation of Canada, Alexandra led the startup of The Agency for Co-operative Housing. She has served as the Agency's CEO since 2005.

Alexandra received a Distinguished Co-operator Award from the Ontario Co operative Association and was named an Honorary Life Associate of the Co-operative Housing Federation of Canada in 2008. In December 2012, Alexandra received the Queen Elizabeth II Diamond Jubilee Medal.

1. Democratic Structure Review Committee - to ensure the current and emerging needs of The Co-operators and our members are met, The Co-operators conducts a review of our democratic structure at least every 10 years.

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Employee relations

ENGAGEMENT SCORES			
	2017	2016	2015
Aggregate (The Co-operators group of companies)	80%	81%	80%
The Co-operators	80%	81%	80%
Best Employers Score – Platinum Level (according to Aon)	79%	80%	
Addenda Capital	78%	83%	77%
Best Small & Medium Employers Score – Platinum Level (according to Aon)	85%	86%	
The Sovereign General	78%	80%	76%
AVERAGE AGE OF WORKFORCE BY COMPANY			
Company	Average Age		
Addenda Capital	44		
Co-operators General	42		
The Co-operators Group Limited	45		
Co-operators Life	44		
CUMIS	46		
HB Group	38		
The Sovereign General	45		
All Companies	43		

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WORKFORCE¹ BY PROVINCE² AND EMPLOYMENT CONTRACT

Employment Contract	AB	BC	MB	NB	NL	NS	NT	ON	PE	QC	SK
Permanent	535	152	24	378	39	37	0	2,774	7	416	658
Temporary	140	99	34	51	15	17	3	315	7	26	45
Total	675	251	58	429	54	54	3	3,089	14	442	703

1. Includes full-time and part-time permanent and temporary employees. Totals are based on headcount and include all employees on short-term leave; they do not include retirees, staff on banked vacation prior to retirement, board members, self-employed Financial Advisors and employees on long-term disability.
2. Includes employees from Premier group of companies and The Edge Benefits Inc., which we acquired in 2015. Premier also has 18 permanent employees in California, five permanent employees in Washington and one permanent employee in Maryland.

WOMEN IN MANAGEMENT

	2017			2016			2015		
	EVPs and VPs	Directors/ AVPs	Managers/ Supervisors	EVPs and VPs	Directors/ AVPs	Managers/ Supervisors	EVPs and VPs	Directors/ AVPs	Managers/ Supervisors
Addenda Capital	0%	0%	39%	8%	0%	47%	0%	0%	42%
Co-operators General	13%	61%	65%	31%	59%	66%	28%	59%	67%
The Co-operators Group Limited	30%	48%	51%	26%	43%	47%	28%	53%	42%
Co-operators Life	29%	53%	67%	20%	60%	72%	25%	58%	74%
CUMIS	50%	47%	62%	25%	40%	64%	17%	38%	52%
HB Group	0%	67%	62%	0%	75%	61%	0%	67%	67%
The Sovereign General	40%	31%	38%	20%	25%	44%	20%	21%	50%

EMPLOYEE GENDER, AGE AND MINORITY STATUS

		Senior Management	AVP/Director	Manager/Supervisor	All Other Employees
Gender	Men	76%	50%	42%	33%
	Women	24%	50%	58%	67%
Age	<30	0%	0%	1%	17%
		Men: 0% Women: 0%	Men: 0% Women: 0%	Men: <1% Women: 1%	Men: 7% Women: 10%
	30–50	30%	65%	62%	59%
		Men: 25% Women: 5%	Men: 29% Women: 36%	Men: 29% Women: 33%	Men: 20% Women: 39%
	>50	70%	35%	37%	24%
		Men: 51% Women: 19%	Men: 22% Women: 13%	Men: 13% Women: 24%	Men: 6% Women: 18%
Belong to a minority	Overall	4%	8%	9%	14%
	Gender	Men: 2% Women: 2%	Men: 5% Women: 3%	Men: 5% Women: 4%	Men: 7% Women: 7%

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EMPLOYEE TURNOVER

Province	Age Group	Men		Women	
		#	%	#	%
AB	<30	5	0.10%	6	0.12%
	30-50	14	0.29%	9	0.18%
	>50	7	0.14%	8	0.16%
	Total	26	0.53%	23	0.47%
BC	<30	1	0.02%	0	0.00%
	30-50	2	0.04%	2	0.04%
	>50	1	0.02%	3	0.06%
	Total	4	0.08%	5	0.10%
MB	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
NB	<30	6	0.12%	14	0.29%
	30-50	4	0.08%	3	0.06%
	>50	1	0.02%	5	0.10%
	Total	11	0.23%	22	0.45%
NL	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	1	0.02%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	1	0.02%
NS	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	1	0.02%
	>50	3	0.06%	0	0.00%
	Total	3	0.06%	1	0.02%
ON	<30	26	0.53%	25	0.51%
	30-50	26	0.53%	31	0.63%
	>50	19	0.39%	44	0.90%
	Total	71	1.45%	100	2.05%
PE	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
QC	<30	6	0.12%	6	0.12%
	30-50	12	0.25%	9	0.18%
	>50	1	0.02%	5	0.10%
	Total	19	0.39%	20	0.41%
SK	<30	4	0.08%	3	0.06%
	30-50	6	0.12%	8	0.16%
	>50	3	0.06%	15	0.31%
	Total	13	0.27%	26	0.53%
Total		147	3.01%	198	4.05%

NEW HIRES

Province	Age Group	Men		Women	
		#	%	#	%
AB	<30	5	0.10%	12	0.25%
	30-50	9	0.18%	18	0.37%
	>50	1	0.02%	5	0.10%
	Total	15	0.31%	35	0.72%
BC	<30	0	0.00%	2	0.04%
	30-50	4	0.08%	6	0.12%
	>50	0	0.00%	3	0.06%
	Total	4	0.08%	11	0.23%
MB	<30	0	0.00%	1	0.02%
	30-50	0	0.00%	1	0.02%
	>50	1	0.02%	0	0.00%
	Total	1	0.02%	2	0.04%
NB	<30	12	0.25%	16	0.33%
	30-50	15	0.31%	12	0.25%
	>50	1	0.02%	4	0.08%
	Total	28	0.57%	32	0.65%
NL	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	1	0.02%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	1	0.02%
NS	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	2	0.04%
	>50	1	0.02%	0	0.00%
	Total	1	0.02%	2	0.04%
ON	<30	56	1.15%	67	1.37%
	30-50	59	1.21%	84	1.72%
	>50	7	0.14%	7	0.14%
	Total	122	2.50%	158	3.23%
PE	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
QC	<30	12	0.25%	5	0.10%
	30-50	22	0.45%	15	0.31%
	>50	6	0.12%	3	0.06%
	Total	40	0.82%	23	0.47%
SK	<30	6	0.12%	10	0.20%
	30-50	8	0.16%	15	0.31%
	>50	0	0.00%	0	0.00%
	Total	14	0.29%	25	0.51%
Total		225	4.60%	289	5.91%

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PERMANENT AND TEMPORARY WORKFORCE

Company			Men	Women	Total	
Addenda Capital	Permanent	Full-time	67	55	127	
		Part-time	1	4		
	Temporary	Full-time	1	0	4	
		Part-time	3	0		
Co-operators General	Permanent	Full-time	723	1,527	2,298	
		Part-time	5	43		
	Temporary	Full-time	154	390	630	
		Part-time	32	54		
The Co-operators Group Limited	Permanent	Full-time	436	417	869	
		Part-time	2	14		
	Temporary	Full-time	31	16	58	
		Part-time	6	5		
Co-operators Life	Permanent	Full-time	90	347	453	
		Part-time	0	16		
	Temporary	Full-time	3	20	28	
		Part-time	0	5		
CUMIS	Permanent	Full-time	90	176	272	
		Part-time	0	6		
	Temporary	Full-time	2	4	10	
		Part-time	1	3		
HB Group	Permanent	Full-time	201	329	540	
		Part-time	0	10		
	Temporary	Full-time	5	4	12	
		Part-time	2	1		
The Sovereign General	Permanent	Full-time	100	171	279	
		Part-time	2	6		
	Temporary	Full-time	1	5	8	
		Part-time	1	1		
Premier group of companies	Permanent	Full-time	33	85	125	
		Part-time	3	4		
	Temporary	Full-time	0	0	0	
		Part-time	0	0		
The Edge Benefits	Permanent	Full-time	18	63	81	
		Part-time	0	0		
	Temporary	Full-time	1	1	2	
		Part-time	0	0		
All Companies	Permanent	Full-time	1,758	3,170		
		Part-time	13	103		
	Temporary	Full-time	198	440		
		Part-time	45	69		
	Total			2,014	3,782	
	Total Permanent Full-time and Part-time Employees					5,044
Total Temporary Full-time and Part-time Employees					752	

1. For assumptions [see page AP-23](#), Workforce by Province and Employment Contract, note 1.

NAVIGATION

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SUMMARY OF BENEFITS

Benefits	Addenda Capital	Co-operators General	The Co-operators Group Limited	Co-operators Life	HB Group	The Sovereign General	CUMIS
Flex time	×	×	×	×	×	×	×
Paid personal days	×	×	×	×	×	×	×
Job sharing		×	×	×	×		×
Flexible work options (i.e., from home, remotely, etc.)		×	×	×	×	×	×
Scholarships	×	×	×	×	×		×
Health club on-site/negotiated health club rates	×	×	×	×	×	×	×
Phased retirement		×	×	×	×		×
Relocation programs		×	×	×	×		×
Long-time service awards	×	×	×	×	×	×	×
Company share-purchase program	×	×	×	×	×	×	×
Employee discounts on insurance	×	×	×	×	×	×	×
Public transit discount		× ¹	× ¹	× ²			
Employee Assistance Program	×	×	×	×	×	×	×
Pension Plan ³	×	×	×	×	×	×	×
Disability Benefits ⁴	×	×	×	×	×	×	×
Pregnancy leave top-up program ⁴	×	×	×	×	×	×	×

1. Applies only to employees in the Guelph locations.
2. Applies only to employees in the Regina locations.
3. A defined contribution plan. Two contribution schedules are available: employee 5 per cent and employer 6.5 per cent, or employee 6 per cent and employer 7.5 per cent. Available to temporary employees who meet eligibility requirements. A defined benefits plan applies to 157 employees at CUMIS (available to employees hired prior to 2008), representing 3 per cent of our total workforce.
4. Not available to temporary employees.

EMPLOYEE ASSISTANCE PROGRAM USAGE¹

2017	13%
2016	14%
2015	17%

1. Generally, participation rates over 7 per cent are considered successful programs, and over 10-12 per cent are very successful.

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The Co-operators Management Group: Profiles



Robert Wesseling, President and Chief Executive Officer

Since joining The Co-operators in 1997, Rob has held increasingly senior leadership roles within the group of companies, culminating with his appointment as President and Chief Executive Officer of The Co-operators Group Limited on December 1, 2016. From 2007 until 2016, he was Chief Operating Officer of The Sovereign General and, in November 2011, assumed the additional role of Executive Vice President, National Property and Casualty (P&C) for all P&C operations across The Co-operators group of companies.

Rob has been instrumental in leading flood resiliency efforts in Canada and engaging all levels of government, the academic community and various industries, to develop a complete solution for Canadians. In this capacity, Rob is a founding director and member of Partners for Action Advisory Board and a board member of the Institute for Catastrophic Loss Reduction.

Rob is also a board member of the International Cooperative and Mutual Insurance Federation, where he sits on the Executive Committee, and is a member of the Insurance Development Forum Steering Committee. He is also a member of the Business Council of Canada and a board member of the Canadian Co-operative Investment Fund. Rob holds a B.A. with distinction in Theoretical Mathematics and MSc. of Applied Statistics from the University of Guelph where he graduated in 1996. He obtained a Chartered Insurance Professional designation in 1999.

Rob lives with his family in Guelph, Ontario and is an active volunteer in the local community, coaching youth sport and mentoring young athletes.



Roger Beauchemin, President and Chief Executive Officer, Addenda Capital Inc.

As President and Chief Executive Officer, Roger Beauchemin is responsible for the development and deployment of Addenda Capital's business strategy and operations.

Roger joined the Addenda Capital team as Chief Operating Officer and Chief Financial Officer in 2013, before being appointed President and Chief Operating Officer in 2015. He previously worked at McLean Budden Limited (1999 to 2011), holding several senior management positions before being appointed President in 2006 and Chief Executive Officer in 2008.

Roger is a member of the Young Presidents' Organization, a Trustee of the Douglas University Institute for Mental Health Foundation and a Director of the Cedars Cancer Foundation. He holds a Bachelor's degree in Economics from McGill University and holds the Chartered Financial Analyst® designation.



Kevin Daniel, Executive Vice-President and Chief Operating Officer, Co-operators Life Insurance Company and President and Chief Operating Officer, The CUMIS Group Limited

Kevin Daniel's appointment as Chief Operating Officer of Co-operators Life Insurance Company in 2007 was the culmination of years of experience within the group of companies. Most recently, Kevin served as the Chief Financial Officer for The Co-operators Group, where he oversaw the financial affairs of the group of companies, including Co-operators Life Insurance Company, during a period of record profits and strong revenue growth.

Kevin has been on the Board of Directors for a number of companies in The Co-operators Group, including COSECO, HB Group, Federated Agencies, The Sovereign General Insurance Company, and L'UNION CANADIENNE. Kevin is also on the Board of Directors for Connecting People for Health Co-operative Ltd. Kevin recently joined the Board of Directors for the Canadian Life and Health Insurance Association (CLHIA).

Kevin is a Certified General Accountant and a graduate of the University of Guelph with a double major BA in Business and Economics.



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

As Executive Vice-President, Chief Operating Officer, Property & Casualty Manufacturing, Lisa oversees all P&C manufacturing functions for CGIC, COSECO and CUMIS General, and is accountable for their underwriting performance.

Lisa has more than 18 years of experience with The Co-operators, where she began as an actuarial analyst. Prior to her current appointment as EVP, Chief Operating Officer, P&C Manufacturing, Lisa held the position of Vice-President, Corporate Actuarial & Reinsurance Services from 2015 to 2016. In this role, Lisa was the Appointed Actuary for CGIC, Sovereign, COSECO and CUMIS General, and led the P&C reinsurance strategy. From 2008 to 2015, Lisa was VP, Corporate Actuarial Services, and was Director, Corporate Actuarial Services from 2003 to 2008.

Lisa is a Fellow of both the Canadian Institute of Actuaries and the Casualty Actuarial Society, and holds a Mathematics degree from the University of Waterloo. She also completed the Co-operative Management Program in 2012. Lisa volunteers on the Board of the Ontario Co-operative Association, for the Casualty Actuarial Society and is the Past President of the Ontario Conference of Casualty Actuaries. Lisa is also a member of a number of industry committees.

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Bob Hague, Executive Vice-President, President Credit Union Distribution, The CUMIS Group Limited
Bob Hague joined The CUMIS Group Limited (CUMIS) in 2010 as President Credit Union Distribution. Bob oversees the organization’s distribution strategies to and through the Canadian credit union system, while leveraging the multi-channel distribution capabilities of The Co-operators group of companies.

Prior to this role, Bob held the role of Senior Vice President & Chief Member Services Officer for Meridian Credit Union and Vice President of Service & Sales for Niagara Credit Union. He also spent 20 years with BMO Financial Group in a variety of senior roles.

Bob has an MBA in Financial Services from Dalhousie University and a Bachelor’s degree in Economics from McMaster University. He holds his Fellow, Institute of Canadian Bankers designation and has completed the Partners, Directors and Senior Officers course and the Canadian Securities course through the Canadian Securities Institute.

Bob is a longstanding member of the Canadian co-operative financial community, and he currently serves on the Concentra Financial Board of Directors.



Paul Hanna, Executive Vice-President, Member Relations, Governance and Corporate Services
Paul Hanna was appointed Executive Vice-President, Member Relations, Governance and Corporate Services for The Co-operators in March 2015. Paul works with our member organizations to build strong business and governance relationships. He is responsible for organizational governance with The Co-operators Group Limited Board of Directors and its committees. He also provides leadership to other corporate functions including government relations, human resources, legal, and sustainability and citizenship. Prior to his current role, Paul spent many years as Vice-President of Strategic Planning with The Co-operators.

Paul has 25 years of co-operative experience working in various operational and governance capacities. He currently sits on the boards of ICMIF/Americas and CMEC, and he serves on the University of Guelph’s Advisory Committee to the College of Business and Economics, as well as The Co-operators Community Economic Development Committee.

Paul holds a Bachelor’s degree from the University of Western Ontario, a Master’s in Adult Education from Central Michigan University and he is a Chartered Insurance Professional.



Rick McCombie, Executive Vice-President, Chief Client Officer
As Executive Vice President and Chief Client Officer, Rick is responsible for leading the Client Engagement, Claims, Distribution and Service strategies across The Co-operators group of companies. Rick believes, “it’s our company values, community involvement and our people that make this company a place where you can be proud to work.”

Rick started with Co-operators General in 1976 as an office trainee in Owen Sound. Since then, he has held various positions including Accounting Supervisor and Atlantic Division Controller. He was also Region Vice-President for New Brunswick and Prince Edward Island, Southwestern Ontario, as well as Central Ontario.

Throughout his career, Rick has obtained his Chartered Management Accountant, Chartered Insurance Professional and LIMRA Leadership Insurance Foundation designations. One of Rick’s career highlights includes 10 years of profitable growth in the Southwestern Ontario Region while under his leadership. He was also the project leader of Co-op Auto Coalition in the early 1990s.

An active member in the community, Rick admires and is influenced by Mother Teresa, who he feels “put the lives of others before her own.” Rick lives these values. He is currently Cabinet Chair of the Guelph/Wellington United Way and on the board of the Centre for Services Leadership out of Arizona State University. In the past, he served as volunteer chair for both the London/Middlesex and Guelph/Wellington United Way chapters.



Steve Phillips, Executive Vice President, Chief Operating Officer, Sovereign General
As EVP, Chief Operating Officer, Sovereign, Steve provides leadership to the company’s team of professionals and is accountable for the organization’s underwriting performance and growth in addition to overseeing Federated Agencies Ltd. P&C operations and liaising with Premier Group to support its strategic alignment within the group of companies.

Steve joined The Co-operators in January 2017, and brought a wealth of over 20 years of leadership experience in the insurance and financial services sector along with him, including a variety executive-level roles at two major Canadian banks and a global insurer with more than \$8 billion in annual revenue. In addition, Steve was the owner of a consulting company where he helped financial services organizations develop and deliver customer and growth strategies.

Steve holds an MBA, Marketing & Finance from the Richard Ivey School of Business and a BA (Hons) Economics from University of Western Ontario; as well as a Director’s Education Program (ICD.D) designation from the Rotman School of Management/Institute of Corporate Directors. He has served on a number of Boards, including the CIBC Life Insurance Company in 2014, and was Vice-Chair of the Canadian Association of Financial Institutions in Insurance from 2004 to 2006. Steve currently sits on the Board of the Muskoka Lakes Association.

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Carol Poulsen, Executive Vice-President and Chief Information Officer

Carol joined The Co-operators Group Limited in October 2011. She comes to The Co-operators with a diverse background including experience in insurance and banking, technology and business, as well as vendor experience including IT delivery, consulting, large account management and sales.

Most recently Carol was Senior Vice-President Group Architecture, Applied Innovation and Solution Delivery Services for RBC globally. Prior to that she spent eight years at TD Bank Financial Group providing the Application Development, Architecture and Large Program Management supporting the retail, commercial, wealth and insurance business areas.

During her tenure at Teleglobe Insurance Systems/CGI, Carol held a variety of positions including Vice-President Architecture and Insurance Company Systems, Vice-President Brokerage Systems, Vice-President Consulting, Large Account Management and Sales.

She began her career at Allstate Canada holding a number of management positions in the insurance operations area.

Carol was selected in 2009 as one of Computerworld's Premier IT 100 Leaders globally.

She has a passion for diversity in the workplace and has been active in many aspects, from ensuring accessibility for persons with disabilities, to speaking with young women about leadership. She has also been very involved with Sheena's Place and the Learning Disabilities Association of Ontario.

Carol received her Honours Bachelor of Arts degree from York University and her Computer Programming Diploma from Seneca College. She has also attended a number of Business Administration Programs at Ivy School of Business.



P. Bruce West, Executive Vice-President, Finance and Chief Financial Officer

Bruce joined The Co-operators Group in June 2007 as Executive Vice-President, Finance and Chief Financial Officer (CFO). He is responsible for the financial management, strategic planning, and corporate development for the group of companies. He brings over 25 years of progressive financial and managerial experience in operations, corporate development, and financial management to this role.

When Sun Life Financial acquired Clarica in 2002, Bruce was selected as Vice-President and CFO for Sun Life's Canadian business. He played a key role in the integration of the two companies.

Bruce's educational accomplishments include a Bachelor of Mathematics from the University of Waterloo (1980), Chartered Accountant designation (1981), FLMI designation (1985), and a MBA with a concentration in marketing from Wilfrid Laurier University (2005). In 2009, Bruce obtained the Chartered Director (C.Dir.) designation from The Directors College, a joint venture of McMaster University and the Conference Board of Canada. He is a member of the Financial Executives International Canada (FEI Canada).

Bruce sits on the board of directors for a number of companies within The Co-operators Group. He also sits on the Dean's Advisory Council at the School of Business and Economics at Wilfrid Laurier University, and is an Honouree of the School of Accounting and Finance at the University of Waterloo.

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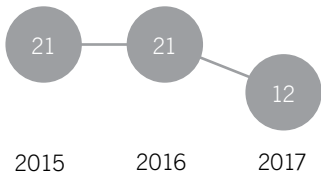
Compliance and ethics

Our compliance team ensure we are consistently in compliance with applicable legislative and regulatory requirements. The Chief Compliance Officer oversees all respective programs and policies, and acts as a liaison with the Board of Directors on compliance matters. Directors and senior management also participate in educational compliance presentations. Operational or business area management (BAM), along with Business Unit Compliance Officers (BUCOs), are responsible for ensuring that a risk and control environment is established as part of day-to-day operations. BAM and BUCO have ownership of risk in products, activities, processes, and systems. Compliance conducts reviews, attestations and reports to Senior Management and the Board of Directors.

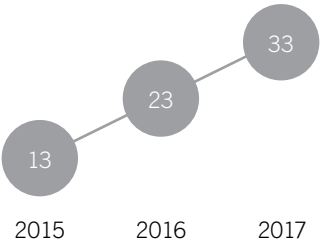
The Chief Privacy Officer is responsible for the development and oversight of our organizational privacy policies and practices, and responds to all privacy-related requests, complaints and inquiries. To maintain high standards of ethics and integrity across the organization and empower clients and employees to raise concerns, we have implemented the following policies and procedures:

- > **Code of Ethics and Code of Conduct.** Annually all employees and financial advisors and their staff must sign and attest to the Codes.
- > **Whistleblowing.** ConfidenceLine, a 24-hour anonymous, secure whistleblowing hotline, is available in English and French to employees and financial advisors.

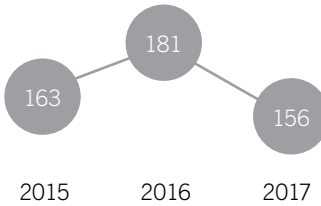
Ombuds Office. Clients can elevate complaints to the Ombuds Office after all other attempts to resolve their complaints or concerns have been made. The Board of Directors and provincial regulators are made aware of any reportable complaints, and each report is investigated fully.



Number of reports to the ConfidenceLine that were investigated



Number of privacy concerns investigated



Number of reportable complaints

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The Co-operators Sustainability Policy

The Co-operators recognizes that our business, our communities and the global economy exist within the closed system of the Earth, which provides irreplaceable resources and support for all forms of life. We recognize that the capacity of the Earth to continue to provide these resources and supports is threatened by the degradation of natural and social systems. We also believe that there is a socio-economic foundation below which no human should be allowed to fall — be it into poverty or isolation.

To us, sustainability is a future state where individuals, communities and the economy thrive within the cycles of nature and a healthy society. Acting on sustainability is about taking care of tomorrow, today. Doing so aligns naturally with co-operative values.

As a co-operative, an insurer, employer, investor, and a community partner, The Co-operators believes that we can and must lead the way in ensuring a sustainable future. Our staff and financial advisors are catalysts in advancing sustainability at work, at home and in the community. Our co-operative identity creates unique opportunities for them to demonstrate such leadership.

The most important way we can advance sustainability is by meeting the needs of our clients. We must help them prevent, mitigate and adapt to new risks and seize new opportunities that arise from sustainability challenges. Meeting their emerging and unmet needs is fundamental to our co-operative purpose and enables our clients to contribute to a sustainable future. It also ensures we have the financial strength to continue meeting their needs in the future.

Working together, we are committed to minimizing any negative effects that our activities could have on the environment and society at large and, further, to performing a restorative function through innovation in business practices, product development, public engagement and partnerships with our stakeholders. We are committed to catalyzing collaboration for sustainability, which is required to address systemic challenges. We are committed to the ongoing pursuit of alignment of our business with these four sustainability principles:

- > In a sustainable society, nature is not subject to systematically increasing concentrations of substances extracted from the Earth's crust.
- > In a sustainable society, nature is not subject to systematically increasing concentrations of substances produced by society.
- > In a sustainable society, nature is not subject to systematically increasing degradation by physical means.
- > People are not subject to conditions that systematically undermine their capacity to meet their needs.

Step by step, The Co-operators will strive to align everything we do with these fundamental sustainability principles in ways that advance the financial security of Canadians and their communities.

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The Co-operators long-term sustainability goals to 2020

Our long-term sustainability goals express how The Co-operators believes we will become a catalyst for a sustainable society, demonstrate our commitment to bringing the co-operative principles to life, and guide how we embed sustainability into our governance, operations, products and relationships.

Our clients & members

We enable and encourage our clients and members to contribute to a sustainable future through our products, services and all interactions.

To us, this means that:

- a) Our clients and members recognize us as the sustainable choice for insurance and financial services and consider it an important part of our value proposition. Sustainability is woven into the experience of all clients.
- b) Our loss prevention initiatives and business practices reflect our commitment to sustainability.

Our people

Our dynamic, progressive workplace attracts and develops personal champions of sustainability.

To us, this means that:

- a) Our staff, financial advisors and financial advisors’ staff champion sustainability.
- b) Our sustainability commitment helps make us an employer of choice.
- c) We encourage and support diversity in our workforce, our Agencies and in our governance bodies.

Our governance & operations

We model responsible, accountable and transparent governance. Our operations help foster a more sustainable society and economy and are a source of pride for our people. Others seek to follow our example.

To us, this means that:

- a) We have aggressively reduced our greenhouse gas emissions.
- b) Our operations demonstrate our commitment to sustainability.
- c) We are recognized leaders in sustainability governance.

Our investments

We are responsible investors and leverage our assets to contribute to a more sustainable future.

To us, this means that:

- a) The Co-operators assets are invested in ways that advance sustainability.
- b) The Co-operators engages companies in which it invests in policies and practices that advance sustainability.
- c) We offer and promote our sustainable investment options to clients.

Our public voice

We are strong and effective public advocates for sustainability and inspire others to take action.

To us, this means that:

- a) We collaborate with our partners to influence public opinion and public policy on sustainable development, climate change and safe and healthy lifestyles.

Our relationships

We are advancing sustainability through a systems-based approach, collaborating with industry partners, the co-operative sector, suppliers, communities, governments and non-governmental organizations.

To us, this means that:

- a) Through our strategic, results-oriented partnerships and insurance industry and co-operative sector collaborations, we have advanced sustainability, particularly related to climate change.
- b) Our community investment program has helped to build resilient, sustainable Canadian communities.

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Sustainability-related insurance and wealth products and services

Our sustainability-focused product and service offerings include the following:

Socially responsible/sustainable investments: We provide a range of socially responsible investment options for clients who seek to invest their funds in ways that achieve both competitive financial returns and generate social returns. Social criteria upon which companies are evaluated include excellence in environmental management, positive labour practices, human rights, and the avoidance of tobacco, weapons, alcohol or nuclear power as major sources of revenue. We also provide a range of sustainable investing options that integrate consideration of environmental, social and governance (“ESG”) matters into investment and stewardship activities with the objective of enhancing long-term investment performance.

Solutions for the non-profit and co-operative sectors: As a co-operative itself, The Co-operators understands the unique insurance needs of co-operative organizations in Canada. This is why we’ve developed Co-op Guard® — to provide co-operative sector-specific products and services that are customizable to suit each co-operative’s unique insurance needs. We also recognize and respect the unique challenges facing the voluntary non-profit sector in Canada. Our Community Guard® insurance program provides sector-specific insurance coverage focused on affordability, accessibility, insurability and customization, and promises rate stability to assist with the planning and budgeting process. Both programs are marketed through specially trained financial advisors who know these sectors and are committed to them.

Green policy endorsements: Our Enviroguard® home policy endorsements allow clients to consider more environmentally friendly building and energy options. For an additional premium, this endorsement gives clients an additional amount to restore with environmentally responsible options. Enviroguard® is included in our Prestige Plus (high value home) product.

Green home discount: Our Envirowise® discount offers a 10 per cent savings for eligible Leadership in Energy and Environmental Design (LEED) certified dwellings.

Hybrid and electric vehicle discount: To reward more sustainable vehicle choices, clients in Ontario, Quebec, Newfoundland/Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Alberta, Saskatchewan, Yukon and Northwest Territories who drive hybrids are eligible for an automatic 5 per cent discount on their auto insurance premium. This discount has been extended to include electric vehicles in select provinces, and is in the process of being extended to all provinces.

Telematics: The en-route Auto Program® is a usage-based insurance program that uses telematics technology to collect information about driving behaviour, including braking and acceleration; distance travelled; travel time; and environmental impact. Drivers automatically receive a 5 per cent discount for signing up, which can grow to as much as 25 per cent based on driving results. Currently available in Ontario only.

Fire Sprinkler Discount: Fire sprinklers can limit property damage and save lives. They are also less harmful to the environment because they reduce fire damage by up to 97 per cent and water damage by up to 90 per cent. Clients of Co-operators General Insurance Company whose homes are protected by automatic fire sprinkler systems may be eligible for a discount

of 15 to 20 per cent depending on risk type. Clients who also have heat detectors and water sensors may be eligible for additional discounts.

Complete, all-in-one water coverage: Until 2015, Canada was the only G7 nation without home insurance for overland flood damage. Our Comprehensive Water coverage provides just that. It takes the worry out of where the water came from, or how it got into your home, and provides financial protection from virtually every type of sudden and accidental water damage, such as: sewer, sump or septic backup; flood caused by an overflow of a creek, river or lake; storm surge, waves caused by a storm or hurricane; accumulation of water from heavy rainfall and extreme storms.

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UNEP FI Principles for Sustainable Insurance – Annual disclosure of progress

Launched at the United Nations Conference on Sustainable Development in 2012, the United Nations Environment Programme Finance Initiative’s (UNEP FI) Principles for Sustainable Insurance (PSI) serve as a framework for insurers to consider and address environmental, social and governance (ESG) risks and opportunities. In collaboration with other leading insurers and reinsurers, we were actively involved in the development of these principles and were proud to be a founding signatory, and the first in North America. We are committed to advancing these principles throughout our business and serving as a strong advocate for the principles within the broader insurance industry.

Our progress in advancing the principles in this aspirational framework is discussed throughout our full 2017 Integrated Annual Report, with reference to specific actions summarized below.

Principle 1

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

- > One of the strategic objectives in our 2015–2018 strategy is to “integrate and embed co-operative and sustainability principles in all areas of our business decision-making, action and process.”
- > In 2017 we produced our second integrated annual report, which integrates our sustainability, governance, and annual reports, and reflects our progress towards our mission of financial security for Canadians and their communities.
- > The Board of Directors’ Sustainability and Citizenship Committee oversees progress related to our sustainability objectives, goals and initiatives (see Appendices page AP-3). In December, we held our annual joint board-management meeting, which included members of our Board Sustainability and Citizenship Committee, the chairperson of the Board, our president and CEO, and our Sustainability Steering Committee (comprised of executives from across our group of companies). The meeting provided an opportunity to evaluate our progress on embedding sustainability into our strategy, challenges and future plans.
- > Recognizing the importance of linking sustainability goals to compensation, as part of our 2015–2018 strategy, all executives (vice-presidents, senior VPs, executive VPs) and other relevant employees are required to include in their annual plans at least one bonusable goal related to social, environmental or economic sustainability or our co-operative identity (see page 66). As an example, in 2017, 4 per cent of non-financial bonusable goals were co-operative identity and sustainability-related for our executive vice-president, president credit union distribution for The CUMIS Group Limited.
- > In 2015, we became a Certified Living Wage Employer in Guelph, ON. Based on the National Living Wage Framework, the living wage is set independently by each participating community. We have since adopted a living wage in all Canadian communities where the standard has been established, and have developed a program framework to promote the Living Wage to our vendors (see page 66).
- > We offer a range of insurance solutions that incorporate sustainability features and have begun to expand the breadth of our sustainable product offering by embedding sustainability attributes into core insurance products, such as Home and Auto, and Life (our Comprehensive Water endorsement and Acceptional Life® are examples of this — see pages 30-33).
- > We continue to implement our Impact Investing Strategy (an approach to investing that seeks to create both financial returns and positive social or

environmental impact), with a target to have 6 per cent to 10 per cent of The Co-operators assets as impact investments by the end of 2018 (see page 48-49).

- > We publicly supported the recommendations of the Task Force on Climate-related Financial Disclosures in 2017, and are committed to implementing its recommendations (see page 57).

Principle 2

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

- > We launched Comprehensive Water — our innovative product solution that protects clients from the risk of flood — in Alberta in 2015, and expanded this coverage to Ontario homeowners and farm dwellings in 2016. It offers homeowners easy-to-understand, broad coverage, even in high-risk areas. We were the first company to offer this type of coverage in the Canadian residential property marketplace, and in 2017 developed flood mapping and finalized plans to continue deploying this product to the rest of Canada in 2018 (see page 30).
- > A history of serious illness may lead to the denial of life insurance, posing a significant threat to prosperity and peace of mind. In response, The Co-operators launched Acceptional Life® in the spring of 2016, in partnership with Hunter McCorquodale and Consilium Strategic Partners, to provide coverage to Canadians who have been declined standard life insurance products (see page 31).
- > Our investment company, Addenda Capital, is an active steward of the companies in which it chooses to invest on behalf of its clients. Aligned with a commitment to sustainable investing, Addenda applies environmental, social and corporate governance (ESG) considerations to its investment decisions and actively promotes sustainable financial markets (see page 48).
- > In collaboration with groups such as Partners for Action, the United Nations Environment Programme Finance Initiative (UNEP FI), World Bank Insurance Development Forum (IDF), Corporate Knights, Smart Prosperity and the Carbon Pricing Leadership Coalition, we seek to raise awareness of sustainability issues, risks/opportunities and catalyze positive change (see pages 46-47).
- > We collaborated with non-profit partner, ICLEI Canada, to release a game-based mobile app to help Canadians build resiliency in the midst of a changing climate (see page 45).
- > To promote financial security in developing nations, we supported the International Co-operative and Mutual Insurance Federation’s (ICMIF) 5-5-5 Mutual Microinsurance Strategy (see page 43).

Principle 3

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

- > We catalyzed the launch of the Partners for Action (P4A) Network at the University of Waterloo’s Faculty of Environment. The network is dedicated to advancing flood resiliency in Canadian communities. Through the research, education and advocacy of P4A, Canadians are gaining a better understanding of their levels of risk awareness, the social impacts of flooding, the flood preparedness of major Canadian cities, and the steps that can be taken to build resiliency and better protect communities from devastation (see page 47)
- > Our relationships with multiple levels of government continue to evolve as we make them aware of our research to better understand the issue of

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overland flood. In 2017 engaged with Canada’s Minister of Public Safety and Emergency Preparedness through our involvement in the National Roundtable on Flood Risk ([see page 47](#)).

- > We facilitated discussions between members of the Canadian insurance industry and Canada’s Minister of Environment and Climate Change on opportunities and challenges related to climate change (see page 46).
- > We were the first Canadian insurance company to sign the Montreal Carbon Pledge in 2014 and publicly disclosed the carbon footprint of our equity portfolio in 2015. Our investment company, Addenda Capital, became a signatory in 2015 and was the first Canadian asset manager to disclose the carbon footprints of all its equity funds. In 2017 our investment carbon footprint disclosure included our equity, REIT and preferred share portfolios ([see page 53](#), [Appendices page AP-38](#)).
- > Following the recommendations of the UNEP Inquiry into the Design of a Sustainable Financial System, we convened a group of Canadian insurers, financial institutions and asset managers to develop a roadmap to lead the transition to a low-carbon economy ([see page 46](#)).
- > Through our advocacy efforts and collaboration with various partners, we have been at the forefront in supporting initiatives that advance sustainability principles. Examples of our advocacy efforts in 2016 included our involvement in the World Bank Insurance Development Forum (IDF) to build a more sustainable and resilient global insurance market ([see page 46](#)), and our participation in the Carbon Pricing Leadership Coalition ([see page 46](#)).
- > We were a founding member of the Canadian chapter of the Prince of Wales’ Accounting for Sustainability (A4S) Project, which is driving a shift toward resilient business models and a sustainable economy ([see page 49](#)).

Principle 4

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

- > As a PSI signatory, we are committed to publicly disclosing our progress in advancing the Principles. This marks our sixth year of disclosing progress toward each of the Principles. We invite you to read our full 2017 Integrated Annual Report to learn more about our efforts to integrate and embed co-operative and sustainability principles throughout our organization.

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Energy consumption and carbon emission inventory

ENERGY CONSUMPTION (GJ)								
	2017	2016	2015	2014	2013	2012	2011	2010
Gasoline ¹	17,921	21,725	24,434	29,062	33,082	35,252	38,783	41,800
Natural gas ¹	35,434	38,423	44,351	53,533	50,995	47,322	50,316	54,049
Electricity ¹	61,485	65,772	74,359	77,095	82,195	86,074	90,845	93,315
Steam ²	702	1,276	1,409	1,402	1,445	1,183	1,367	1,431
Diesel ¹		5,705						
Total energy	115,542	132,901	144,553	161,092	167,717	169,831	181,311	190,595

1. Conversion factor source: National Energy Board, Energy Conversion Tables, <https://www.neb-one.gc.ca/nrg/tl/cnvrsntbl/cnvrsntbl-eng.html>.
2. Conversion factor source: Energy Star, Portfolio Manager Technical Reference: Thermal Conversion Factors <https://www.energystar.gov/buildings/tools-and-resources/portfolio-manager-technical-reference-thermal-conversion-factors>.

CARBON EMISSIONS (TONNES OF CO2 EQUIVALENT)									
	2017 Location- Based	2017 Market- Based	2016 Location- Based	2016 Market- Based	2015 Location- Based	2015 Market- Based	2014 Location- Based	2014 Market- Based	2010 Base Year
<u>Scope 1 (Energy)</u>									
Fleet	1,197	1,197	1,438	1,438	1,623	1,623	2,010	2,010	2,970
Natural gas	1,808	1,808	1,949	1,949	2,192	2,192	2,630	2,630	2,658
Diesel ¹			415	415					
Total Scope 1	3,005	3,005	3,802	3,802	3,815	3,815	4,640	4,640	5,628
<u>Scope 2 (Energy Indirect)</u>									
Electricity	5,425	412 ²	6,376	409 ²	7,615	445 ²	8,015	524 ²	11,566
Steam	45	45	85	85	94	94	93	93	95
Total Scope 2	5,470	457	6,461	494	7,709	539	8,108	617	11,661
<u>Scope 3 (Other Indirect)</u>									
Air Travel	5,179	5,179	4,989	4,989	4,735	4,735	4,742	4,742	4,554
Employee vehicle travel	808	808	853	853	998	998	1,051	1,051	1,510
Total Scope 3	5,987	5,987	5,842	5,842	5,733	5,733	5,793	5,793	6,064
Total emissions	14,462	9,449	16,105	10,138	17,257	10,087	18,541	11,050	23,353
Carbon offset ³		4,944		3,590					
Net equivalent Carbon emissions		4,505		6,548					

1. A diesel generator supplied power at our head office location during an extended power outage.
2. Reduction associated with Renewable Energy Certificates purchased from Bullfrog Power.
3. Reduction associated with the Financial Advisor Carbon Neutrality Program.

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The inventory is calculated using the operational control approach, as outlined by the World Resources Institute and World Business Council for Sustainable Development’s Greenhouse Gas Protocol. Carbon dioxide, methane and nitrous oxide are included in all emission totals (and are reflected in the emission intensity figures on [page 53](#) of our Integrated Annual Report); the intensity figures include emissions from scope 1, 2 and 3. We use 2010 as our current base year; although it was not the first year that emissions data were collected, it contains a more complete data set than prior years. It is also the basis for our current emission reduction goal (75 per cent reduction from 2010 emission levels by end of 2018). Prior year emission totals have been recalculated to reflect current electricity emission factors as they become available.

In 2016 we introduced the financial advisor Carbon Neutrality Program. Through this voluntary, corporate-funded program, we’ve enabled our Financial Advisors (who are independent business owners and not part of our corporate carbon footprint) to make their offices carbon neutral through the use of Bullfrog Power and the purchase of carbon offsets. Financial Advisor locations across Canada are now contributing to the transition to a low-carbon economy. It was our intention to reduce carbon emissions through this program in an amount equivalent to the amount that would be needed to reach a 75 per cent reduction in our corporate footprint; as of 2017 we have surpassed our target, with an 81 per cent reduction. This non-traditional approach offers the same environmental impact, in terms of the amount of carbon that is offset, as purchasing offsets for our own operations. We’ve applied this reduction to our corporate carbon reduction goal, and the result is our net equivalent carbon emissions. Additionally, it offers the benefits of engaging our financial advisors and, through them many of our clients, in conversations about climate change and the risks it presents.

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Montreal Carbon Pledge – Carbon footprint of investments

Understanding climate-related risk as part of sustainable investing
Climate change can have a significant impact on financial markets and investment returns. The Co-operators seeks to manage the investment risks and opportunities associated with climate change and the transition to a low-carbon economy.

In 2014, The Co-operators became the first Canadian insurer to sign the United Nations-supported Principles for Responsible Investment (UN PRI)’s Montréal Carbon Pledge, a commitment to measure and publicly disclose the carbon footprints of investment portfolios.

Measuring and understanding carbon footprints and other climate-related risks aligns with the approach to active investing taken by our investment manager, Addenda Capital. (In 2015 Addenda became a signatory to the Montréal Carbon Pledge and was the first Canadian asset manager to disclose the carbon footprints of all its equity funds.)

Our footprints
We measure and monitor the carbon footprints of our investments using two metrics:

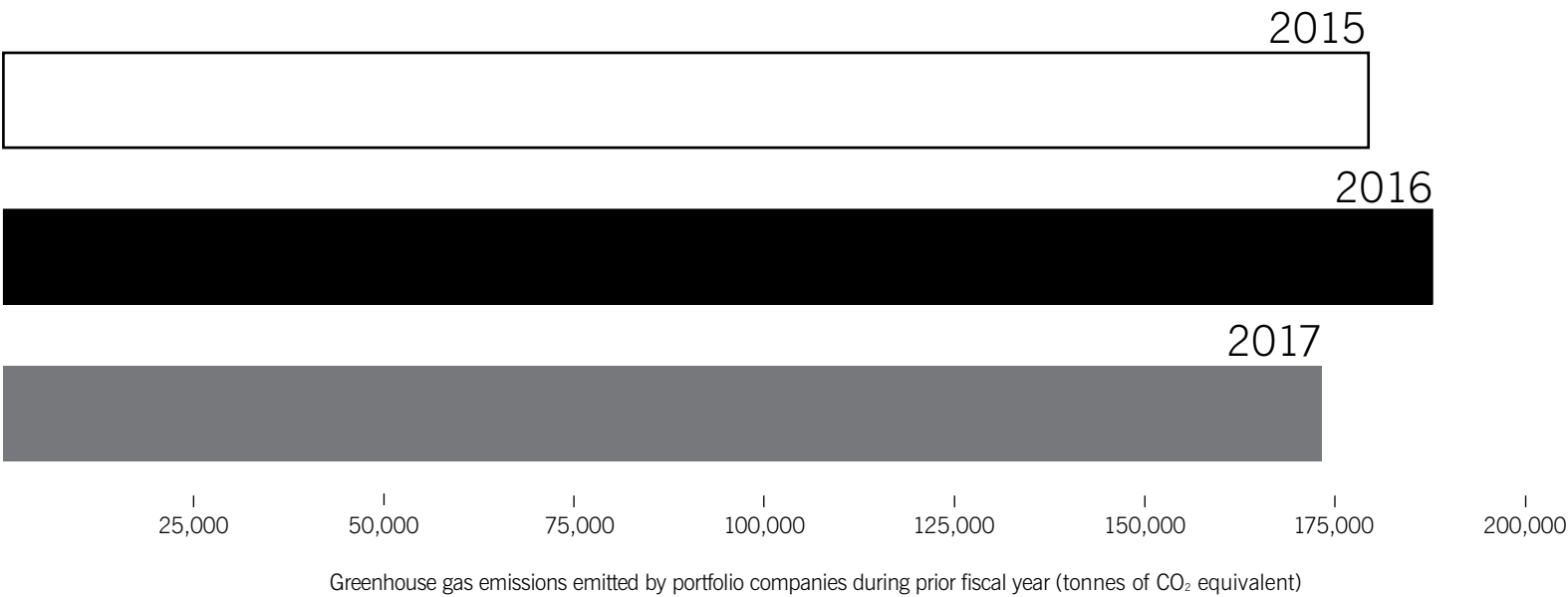
- 1. Owned carbon emissions measures our share of the absolute greenhouse gas (GHG) emissions of each of our investments.
- 2. Weighted average carbon intensity shows the average carbon intensity (emissions per revenue generated) of our investments, revealing our exposure to carbon-intensive companies.

We first disclosed the carbon footprint of our equity investments in 2015, and added the footprints of other asset classes in 2016.

Owned carbon emissions
In 2017, The Co-operators equity investments, corporate bond and preferred share investments ‘owned’ a total of 173,283 tonnes of CO2-equivalent greenhouse gases (emissions sources scopes 1 and 2 only) emitted by companies in our portfolio. Compared on a like-for-like basis to 2016, we noted a 9.7 per cent decrease in carbon emissions. This decrease is due to lower overall exposure to high-emitting companies as well as lower reported emissions from companies.

Our investment carbon footprint far exceeds the emissions from our operations, which totaled 14,462 tonnes of CO2-equivalent emissions in 2017 ([see Appendices page AP-36](#)). The Co-operators net emissions were reduced by 81 per cent in 2017, compared to 2010 emission levels, primarily through purchases of renewable energy certificates from Bullfrog Power. The fact that our owned emissions are more than 10 times the emissions from our operations reinforces the importance of our approach to sustainable investing, which emphasizes stewardship and advocacy, and encourages the companies we own to manage their climate risks and decrease their emissions.

The Co-operators Portfolio Carbon Emissions



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Weighted average carbon intensity

The weighted average carbon intensities of some of the portfolios representative of The Co-operators investments are shown in the graph below. The Co-operators equities have lower emissions on average than benchmark companies. The carbon intensity of our Canadian REIT holdings and preferred shares are also below the benchmark. In 2017, we used the S&P/TSX Preferred Shares Index as our preferred shares benchmark, which better aligns with the sector allocation of our portfolio.

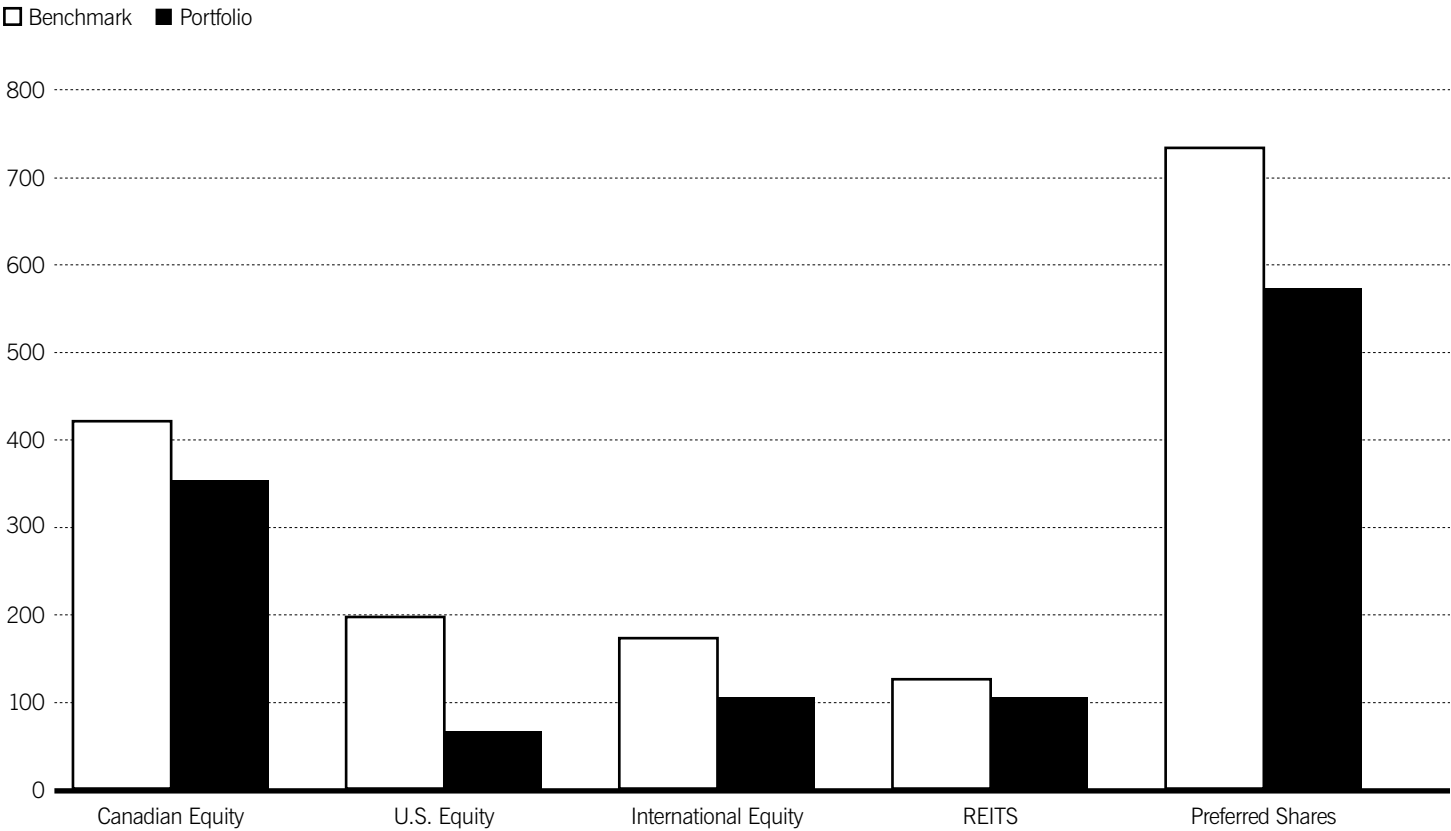
Methodology: How we calculate the carbon footprint of investments

The methodology for measuring carbon footprints of investments is evolving, and many data gaps exist. The following key points from our methodology ensure transparency in our approach.

- 1. Data sources: 1) Reported and estimated greenhouse gas emissions data from MSCI ESG Research; 2) market and fundamental data from Bloomberg; 3) index data from MSCI and S&P. Greenhouse gas emissions data are from 2016 and cover scopes 1 and 2, as 2017 data are not yet available. Market values for investments were used with data from December 31, for each year.

- 2. Asset classes covered: Our disclosure covers our Canadian, U.S., and international equities, as well as our REIT portfolio and preferred shares.
- 3. Holdings analyzed: Representative investment portfolios or Addenda Pooled Funds for different asset classes were selected to calculate the weighted average carbon intensities, as the same investment strategies are often used across multiple accounts. The owned emissions calculation considered the invested assets of all companies across The Co-operators group of companies.
- 4. Emissions allocations: For the owned emissions calculation, each company's total emissions were allocated to debt, equity and preferred equity based on the book values for debt and preferred equity and the market value for equity using total capital as the denominator.

Weighted average carbon intensity of The Co-operators equity, REIT and preferred share portfolios vs Benchmark (tonnes of CO2 equivalent / \$m USD revenue)



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Sustainable Investing and Impact Investing
Co-operators Limited Partnership – Investment Policy (excerpt)

The Co-operators recognizes that our business, our communities and the whole global economy exists within the closed system of the earth, which provides unique and irreplaceable resources and support for all forms of life. We also recognize that the capacity of the earth, to continue to provide these resources and supports, is threatened by growing demand and by the degradation of natural and social systems. This policy underscores our desire to temper our economic goals with consideration for the environment and the well-being of society.

The Co-operators has a fiduciary responsibility to its policy holders to preserve the value of its assets in order to pay claims. As a regulated entity, we have the obligation to follow the rules of prudence established by the governing law. As an ongoing business entity, we have an obligation to our shareholders, employees and partners to remain financially sound.

In order to help The Co-operators meet its business objectives and achieve its vision of being a catalyst for a sustainable society, we will undertake sustainable investing and impact investing. Implementation of these investing approaches largely rests with our investment manager, Addenda.

We will report on our sustainable investing and impact investing activities to our stakeholders at least annually. Public reporting will include voting and engagement activities and applicable policies.

Sustainable Investing

Sustainable investing is an investment approach that considers environmental, social and governance (“ESG”) matters in investment activities with the objective of enhancing long-term investment performance. Our approach to sustainable investing is consistent with the framework provided by the United Nations-supported Principles for Responsible Investment (“PRI”). Therefore, where consistent with our fiduciary responsibilities and based on the principles of the PRI, we commit to the following:

- 1) Identify the ESG issues that could have a material impact on investment performance and incorporate their consideration into investment analysis and decision-making.
- 2) Monitor the ESG practices of the entities in which we invest, exercise our voting rights and engage in a dialogue with the entities in which we invest in accordance with our Proxy Voting and Engagement Policy.
- 3) Promote acceptance and implementation of sustainable investing and support regulatory or policy initiatives that would enable sustainable investment practices.
- 4) Collaborate with other investors to promote and enhance sustainable investing practices.

Impact Investing

Impact investing is an investment approach that intentionally seeks to create both financial return and positive social and/or environmental impact that should be actively measured and reported.

Each impact investment will have more than one purpose or objective:

- > generate a market rate of financial return and avoid undue risk of loss; and
- > generate positive social and/or environmental impacts.

At least one positive environmental or social impact should be measured and reported for each impact investment on a regular basis. Positive impacts should be measured as outcomes or outputs using generally-accepted performance metrics.

Three to five focus areas for impact investing will be established that are aligned with The Co-operators’ Mission, Vision, Statement of Values and corporate strategy. Some impact investments may be outside of those focus areas.

Investment instruments offered by co-operatives that could further strengthen the co-operative movement in Canada will be considered for impact investments.

Impact investments will be globally focused with a preference for Canada. Impact investments with below-market rate of return expectations will only be made by Co-operators 50th Anniversary Community Economic Development Fund or by The Co-operators Group Limited.

By the end of 2018 and thereafter, impact investments will represent 6 to 10% of the invested assets of The Co-operators.

Ethical Investing

Excluding industries or companies from investment or taking other actions for ethical reasons should be based on a sound ethical decision making framework and process. Our ethical investment decision making process is:

- 1) President & Chief Executive Officer receives expression of concern from members of The Co-operators community (defined as the Board, Senior Management, staff, advisors or customers). The expression of concern must document a case for action that is consistent with The Co-operators fiduciary duties and demonstrate some support from at least two constituency groups of The Co-operators community.
- 2) Upon validating the expression of concern meets the above requirements, the President & Chief Executive Officer in conjunction with the Senior Management Team appoints the chair and members of a temporary Committee on Ethical Investing that normally include representatives from several constituency groups of The Co-operators community and Addenda Capital. The President & Chief Executive Officer will not be a member of the Committee.
- 3) The Committee on Ethical Investing will clarify the ethical issue (and confirm there is an ethical issue and not just a dispute about facts or concepts).
- 4) The Committee on Ethical Investing will consider alternative actions (which could include no action, shareholder engagement, divestiture, investment screens, or non-investment related approaches). Considerations should include:
 - a) Ethical
 - i. Who might be harmed or benefit from the action?
 - ii. Which action will produce the most good and do the least harm? (The Utilitarian Approach)
 - iii. Which action respects the rights of all who have a stake in the decision? (The Rights Approach)
 - iv. Which action treats people equally or proportionately? (The Justice Approach)
 - v. Which action serves the community as a whole, not just some members? (The Common Good Approach)
 - vi. Which action leads The Co-operators to act as the sort of organization it should be? (The Virtue Approach)
 - b) Practical
 - i. Is the action consistent with The Co-operators Mission and Vision?
 - ii. Is the action feasible? (for example, what resources would be required)
 - iii. How material is the action in the context of The Co-operators invested assets?
 - iv. Are there better alternative actions for The Co-operators to undertake to achieve the same results?

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- 5) The Committee on Ethical Investing will make a written recommendation to the Management Investment Committee, at which point it will be disbanded.
- 6) The Management Investment Committee will then refer the written recommendation, along with its own recommendation, if any, to the Risk and Compensation Committee of the Board, which will then refer the recommendations, along with its own recommendation, if any, to the Board for a final decision.
- 7) The Management Investment Committee will act on the final decision within a reasonable amount of time, including updating relevant investment policies.
- 8) The Management Investment Committee will evaluate the outcome of the final decision and its effective implementation and make any further recommendations to the Risk and Compensation Committee of the Board as required and no less than every two years until the Management Investment Committee and the Risk and Compensation Committee of the Board agree such evaluations are no longer required.

Current Ethical Investing Actions

The Co-operators will not invest in financial instruments issued by businesses that 1) manufacture tobacco products and 5% or more of their revenue comes from tobacco products; or 2) produce controversial weapons, provide products or services specifically for controversial weapons or own a controlling interest in a company that produces controversial weapons or provides products or services specifically for controversial weapons. Controversial weapons are those weapons that violate international humanitarian law, including chemical weapons, biological weapons, anti-personnel mines and cluster munitions.

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Credit ratings

All ratings current as of January 31, 2018.

CO-OPERATORS FINANCIAL SERVICES LIMITED

	S&P	DBRS
Issuer credit rating	BBB	BBB
Senior unsecured issues	BBB	BBB
Outlook	Positive	Stable

CO-OPERATORS GENERAL INSURANCE COMPANY

	A.M. Best	S&P	DBRS
Preferred stock rating	–	P–2	Pfd–2 (low)
Issuer credit rating	a–	A–	A (low)
Financial strength rating	A–	A–	A (low)
Outlook	Stable	Positive	Stable

CO-OPERATORS LIFE INSURANCE COMPANY

	A.M. Best	S&P
Issuer credit rating	a	A–
Financial strength rating	A	A–
Outlook	Stable	Positive

SOVEREIGN GENERAL INSURANCE COMPANY

	A.M. Best
Issuer credit rating	a–
Financial strength rating	A–
Outlook	Stable

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Consolidated tax expenses

2017 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS			
	Income Tax ¹	Premium Tax	Total
Federal	40,749	0	40,749
Provincial			
Alberta	6,242	33,763	40,005
British Columbia	3,591	10,748	14,339
Manitoba	1,492	3,364	4,856
New Brunswick	1,085	2,989	4,074
Nfld. and Labrador	1,041	5,554	6,595
Nova Scotia	1,294	4,602	5,896
Ontario	13,846	52,549	66,395
Prince Edward Island	370	1,283	1,653
Quebec	1,441	5,672	7,113
Saskatchewan	2,255	7,214	9,469
Territories	146	507	653
Total Provincial	32,803	128,245	161,048
Total	73,552	128,245	201,797
Other Taxes ²			89,578
Total tax expense related to 2017			291,375

- 1. Income tax amounts are estimates for 2017 as at January 24, 2018.
- 2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes.

2016 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS			
	Income Tax ¹	Premium Tax	Total
Federal	39,175		39,175
Provincial			
Alberta	6,041	30,068	36,109
British Columbia	3,042	9,848	12,890
Manitoba	1,215	3,555	4,770
New Brunswick	953	2,832	3,785
Nfld. and Labrador	1,011	4,629	5,640
Nova Scotia	1,158	4,451	5,609
Ontario	12,428	48,419	60,847
Prince Edward Island	352	1,127	1,479
Quebec	1,245	5,228	6,473
Saskatchewan	1,846	7,405	9,251
Territories	150	491	641
Total Provincial	29,441	118,053	147,494
Total	68,616	118,053	186,669
Other Taxes ²			89,242
Total tax expense related to 2016			275,911

- 1. Income tax amounts are actual for 2016.
- 2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes.

2015 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS			
	Income Tax ¹	Premium Tax	Total
Federal	26,374	0	26,374
Provincial			
Alberta	3,321	23,091	26,412
British Columbia	1,486	9,353	10,839
Manitoba	669	3,280	3,949
New Brunswick	395	2,768	3,163
Nfld. and Labrador	763	4,049	4,811
Nova Scotia	615	3,925	4,540
Ontario	11,689	45,370	57,059
Prince Edward Island	142	1,055	1,198
Quebec	1,079	4,460	5,539
Saskatchewan	785	7,105	7,890
Territories	68	527	595
Total Provincial	21,012	104,983	125,995
Total	47,386	104,983	152,369
Other Taxes ²			84,854
Total tax expense related to 2015			237,223

- 1. Income tax amounts are actuals for 2015.
- 2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes.

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GRI Content Index



This report has been prepared in accordance with the GRI Standards: Core option. The report was submitted for the Materiality Disclosures Service and GRI confirms that at the time of publication of the report, disclosures GRI 102-40 to GRI 102-49 were correctly located in both the content index and in the text of the final report.

This report was prepared in accordance with these GRI Standards:
GRI 101: Foundation 2016
GRI 102: General Disclosures 2016
GRI 103: Management Approach 2016
GRI 201: Economic Performance
GRI 302: Energy
GRI 305: Emissions
GRI 401: Employment
GRI 405: Diversity and Equal Opportunity
GRI 418: Customer Privacy

GENERAL DISCOLOSURES			
	Disclosure Number	Disclosure Title	Page Number(s)/Link/Response
Organizational Profile	102-1	Name of the organization	Inside front cover
	102-2	Activities, brands, products, and services	Inside front cover
	102-3	Location of headquarters	Guelph, Ontario, Canada
	102-4	Location of operations	Canada
	102-5	Ownership and legal form	Inside front cover
	102-6	Markets served	Inside front cover https://www.cooperators.ca/en/PublicPages/Sitemap.aspx
	102-7	Scale of the organization	Inside front cover, 58, 60, 64
	102-8	Information on employees and other workers	AP-23, AP-25, 65. Our Financial Advisors are independent business owners.
	102-9	Supply chain	Our supply chain is primarily business service providers located in Canada, such as consulting services, facilities services and computer hardware and software vendors.
Strategy	102-10	Significant changes to the organization and its supply chain	13
	102-11	Precautionary Principle or approach	AP-31
	102-12	External initiatives	10, 46, 48, 71
	102-13	Membership of associations	47, 71
Strategy	102-14	Statement from senior decision-maker	4-5
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	9, 10, 17, AP-14 to AP-15
	102-17	Mechanisms for advice and concerns about ethics	AP-30

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	Disclosure Number	Disclosure Title	Page Number(s)/Link/Response
Governance	102-18	Governance structure	14-15, AP-3
	102-23	Chair of the highest governance body	14
	102-24	Nominating and selecting the highest governance body	14-17, AP-9 to AP-11
	102-27	Collective knowledge of highest governance body	AP-7 to AP-8
	102-30	Effectiveness of risk management processes	AP-3
	102-38	Annual total compensation ratio	66
Stakeholder Engagement	102-40	List of stakeholder groups	18, 35
	102-41	Collective bargaining agreements	2.3% of employees are covered by a collective bargaining agreement.
	102-42	Identifying and selecting stakeholders	2
	102-43	Approach to stakeholder engagement	11, 18, 35, 38, 63-64
	102-44	Key topics and concerns raised	19, 64
Reporting Practice	102-45	Entities included in the consolidated financial statements	70
	102-46	Defining report content and topic Boundaries	18-19
	102-47	List of material topics	19
	102-48	Restatements of information	33, 48, 53
	102-49	Changes in reporting	No changes
	102-50	Reporting period	70
	102-51	Date of most recent report	70
	102-52	Reporting cycle	70
	102-53	Contact point for questions regarding the report	72
	102-54	Claims of reporting in accordance with the GRI Standards	Inside back cover
	102-55	GRI content index	AP-44
	102-56	External assurance	70

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TOPIC SPECIFIC DISCLOSURES

The Co-operators Material Issues	GRI Material Topics	Disclosure Number	Disclosure Title	Page Number(s)/Link/Response
Economic challenges	GRI 201: Economic Performance	103-1	Explanation of the material topic and its Boundary	19
		103-2	The management approach and its components	27, 30, 32, 55-61
		103-3	Evaluation of the management approach	27, 30, 32, 55-61
		201-2	Financial implications and other risks and opportunities due to climate change	24, 26, 27, 30, 32, 47
			Total operating revenue	55
			Net income attributable to members and shareholders	55
			Total equity of participating policyholders, shareholders and member organizations	55
Climate change and the transition towards a low-carbon economy	GRI 302: Energy and GRI 305: Emissions	103-1	Explanation of the material topic and its Boundary	19
		103-2	The management approach and its components	52-53, AP-37
		103-3	Evaluation of the management approach	52
	GRI 302: Energy	302-1	Energy consumption within the organization	AP-36
	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	53, AP-36 to AP-37
		305-2	Energy indirect (Scope 2) GHG emissions	53, AP-36 to AP-37
		305-3	Other indirect (Scope 3) GHG emissions	53, AP-36 to AP-37, AP-38 to AP-39
		305-4	GHG emissions intensity	53, AP-36 to AP-37
			Net carbon emissions reduced since 2010	52
Demographic changes and social inequality		103-1	Explanation of the material topic and its Boundary	19
		103-2	The management approach and its components	25, 31, 34, 40-51
		103-3	Evaluation of the management approach	25, 31, 34, 40-51
			Products that meet unmet needs	25, 31, 34
			Percentage of pre-tax profit donated	42, 44
		Total amount distributed to support co-operatives	42	
		Support for international development	43, 45	
		Total Impact investments (percentage of invested assets)	48-51	
		GRI 401: Employment	103-1	Explanation of the material topic and its Boundary
	103-2		The management approach and its components	63-64, 66
	103-3		Evaluation of the management approach	63-64, 66
	401-1		New employee hires and employee turnover	AP-24
	401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees	AP-26
			Aggregated employee engagement score	63
		Advisor satisfaction index	65	

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The Co-operators Material Issues	GRI Material Topics	Disclosure Number	Disclosure Title	Page Number(s)/Link/Response	
Demographic changes and social inequality (continued)	GRI 405: Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary	16, 19	
		103-2	The management approach and its components	16-17, 64	
		103-3	Evaluation of the management approach	16-17, 64	
		405-1	Diversity of governance bodies and employees	16, 63, 64, AP-2, AP-23	
Client prosperity and peace of mind		103-1	Explanation of the material topic and its Boundary	19	
		103-2	The management approach and its components	11, 22-39	
		103-3	Evaluation of the management approach	11, 22-39	
			Total Claims and Benefits	26	
			Member Loyalty Payment	11	
		Individual and Group client assets under management	30		
		Number of client households	39		
		Gold client retention	39		
		Call centre locations, claims office locations and Financial Advisors by province	65		
		Percentage of Home and Auto clients with two or more products with sustainable features	33		
	GRI 418: Customer Privacy	103-1	Explanation of the material topic and its Boundary	19	
		103-2	The management approach and its components	AP-30	
		103-3	Evaluation of the management approach	AP-30	
		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None	
			Number of privacy concerns investigated	AP-30	
		Emerging technologies	103-1	Explanation of the material topic and its Boundary	19
			103-2	The management approach and its components	31, 36-37, 69
103-3	Evaluation of the management approach		31, 36-37, 69		
	Number of mobile app downloads and installations		36		
	Percentage of CGIC clients opting to “go paperless”		36		
	Investments in external training per employee		66		
	Collaborations in response to evolving technological trends		69		

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About this report

Our 2017 Integrated Annual Report communicates how our corporate strategy, governance and performance create financial and non-financial value and benefits for our clients, member organizations, and Canadian communities. It combines our sustainability, governance and annual reports into one and is an integral part of our full corporate reporting suite.

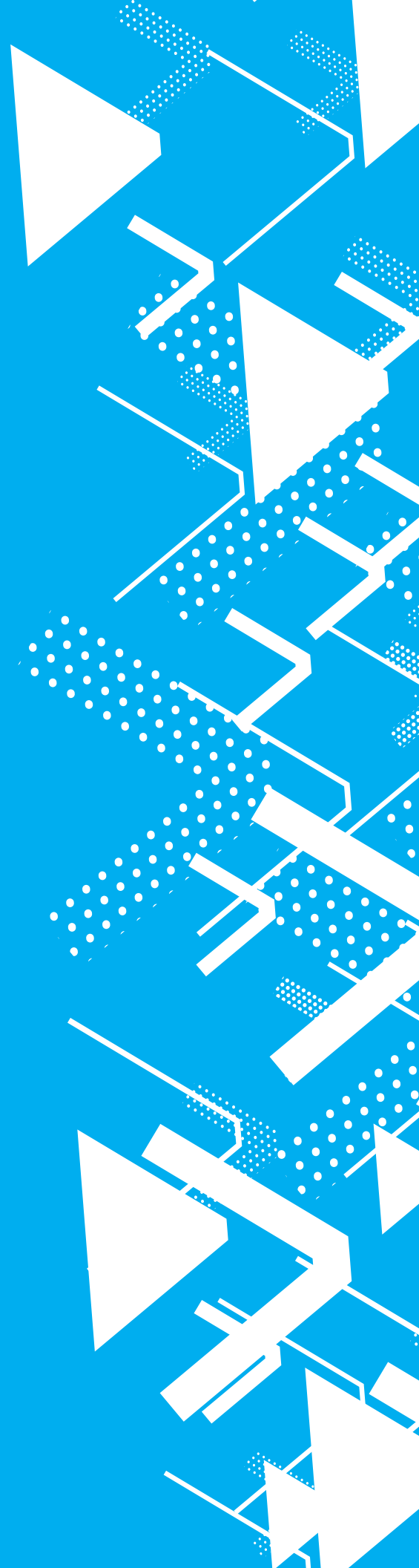
We first embarked on our integrated reporting journey in 2016, which marked a critical step in our commitment to embedding co-operative and sustainability principles into our decision making, actions and processes.

With this report, we have endeavoured to provide a balanced view of our key successes and challenges. Areas where we can improve are indicated as “key challenges”. Notable issues and trends to our company and stakeholders are discussed in detail on [page 19](#) and appear throughout the report as “The world around us”.

This report has been prepared in accordance with the GRI Standards: Core option. For the GRI content index, [see Appendix AP-44](#).

It is The Co-operators intention to transition towards implementing the 2017 recommendations of the Task Force on Climate-related Financial Disclosures ([see page 57](#)). We have begun by highlighting climate-related risk throughout this report.

For more on this report and how it was compiled, see Supplementary Disclosures on [page 70](#).



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we are a better place

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