



Purpose built for a better future

Integrated Annual Report 2022

The Co-operators Group Limited



About this report

An integrated report for an interconnected world

We exist in a dynamic and ever-changing society. Our strength as a co-operative is inherently linked to the state of our economy, the health of our environment, and the well-being of our people.

Our Integrated Annual Report tells a comprehensive story of our 2022 performance. From our greatest challenges to our biggest successes, it shows how Co-operators has created environmental, social and financial value for our key stakeholders over time and discusses our relationship with the issues and trends that matter most to them.

This report is our Public Accountability Statement, weaving together our sustainability, governance and financial reporting. It is an integral part of our full reporting suite, which is available online at cooperators.ca/reports.

Learn more about our climate-related risk online

Co-operators 2022 Task Force on Climate-Related Financial Disclosures (TCFD) Report contains detailed disclosures on climate-related milestones, governance, strategy, risk-management and targets and metrics. [This report is available online at cooperators.ca/reports](https://cooperators.ca/reports).



Land acknowledgement

The corporate headquarters of The Co-operators Group Limited is in Guelph, Ontario, on the Between the Lakes Treaty (No. 3) territory, the traditional land of the Mississaugas of the Credit First Nation, and the ancestral homelands of the Anishinaabe, Haudenosaunee and Attawandaron peoples.

Our organization was founded in 1945 in Regina, Saskatchewan, on Treaty 4 territory, the traditional land of the Cree, Saulteaux, Dakota, Lakota, and Nakoda, and the homeland of the Métis peoples.

Today, our co-operative exists in communities from coast to coast to coast. We recognize that the many places where we live and work are home to past, present, and future First Nation, Metis, and Inuit peoples, who have cared for this land since time immemorial.

We acknowledge this rich history as part of our journey, support for, and ongoing commitment to Truth and Reconciliation in Canada.

We've developed a land acknowledgement guideline that provides resources and guidance for our workforce to learn more about land acknowledgments, understand how to deliver them respectfully and appropriately, and to foster their own Truth and Reconciliation journey.

More information on our commitment to Truth and Reconciliation and progress made in 2022 can be found on pages 75 and 76 of this report.

Guide to the 2022 Integrated Annual Report

Use this guide to access the information you need

Browse (pages 10 to 17)

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

Read (pages 19 to 101)

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

Analyze (pages 103 to 128)

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

More information is available at cooperators.ca/reports, including:

- GRI Content Index*
- Supplementary Disclosures
- Archived reports

**This report has been prepared with reference to the GRI Standards.*

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Legend

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



Key challenges

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



Sustainable Development Goals

These are some highlighted areas where we are impacting targets and/or indicators of the United Nations 2030 Sustainable Development Goals.



Discover more online

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



**Investing in our
future. Together.**

About Co-operators

Our story

Our purpose

Financial security for Canadians and our communities.

Our vision

We will be a catalyst for a resilient and sustainable society.

Our values

Our co-operative identity comes to life through our values.

- Responsibility: We balance our care for society and the environment with our business success.
- Integrity: We treat all our members, clients, employees, advisors, and partners with honesty and respect.
- Inclusion: We achieve success by embracing the diversity of all Canadians.

Our co-operative principles

The seven global co-operative principles—as outlined by the International Co-operative Alliance—guide our decision-making.

Learn more about our co-operative governance on page 87.

Who we are

A leading financial services co-operative helping Canadians build their financial security.

Where we've been

In 1945 we were founded by a group of farmers, credit union leaders and social pioneers wanting to care for themselves and their communities, at a time when traditional insurers couldn't meet their needs. Today, the spirit of our roots remains: we put the needs of our clients, our members and our communities first.

Where we're headed

We will continue innovating and evolving to ensure we can provide Canadians with the products, solutions and advice they need to feel confident about the future. That means helping them protect what they have today, while preparing them for what comes tomorrow.

Message from President and CEO Rob Wesseling

Driven by purpose

Four years ago, we imagined our co-operative on a precipice of change. Looking to the future, we saw a landscape marked by profound changes that would impact our industry and organization. Our 2019 to 2022 strategic plan became an ambitious blueprint to build a bridge to this new reality.

Consumer preferences continue to evolve. Meeting our clients where they are to serve them in whatever manner they choose—whether in person, on the phone, or online—is essential. This evolution has been further accelerated by conditions of the pandemic, and while we faced challenges amidst the disruption, we successfully launched an effective digital platform where clients can obtain quotes and purchase their home and auto insurance online.

Importantly, this does not come at the expense of the human relationships at the heart of our client experience. Our digital transformation enables our network of Financial Advisors to increase their focus on providing advice that propels our clients toward financial security. To support all Canadians regardless of financial status, our no-and-low-fee mutual funds have expanded the investment and wealth management solutions we can offer our clients. At the same time, we've increased our focus on meeting the emerging needs of businesses operating in a rapidly changing world.

Behind our progress is the heartbeat of our purpose—financial security for Canadians and our communities. We work to achieve this in ways that transcend our products and services, understanding that issues like climate change and social inequality are direct threats to this security. Through our investments and advocacy, we're driving positive change. By the end of 2022 we had invested 23.6% of our assets into impact investments, representing \$2.69 billion. Committed to going further, we will increase our impact and climate transition investments to 60% of our portfolio by 2030, directing our capital strength to build more climate-resilient communities.

Of course, our journey through change has had its share of challenges, which have impacted the people to whom we owe our success. We must do better to engage and support our people and foster a culture of belonging and recognition as we navigate through the future of work, and bring our strategy of Inclusion, Diversity, Equity and Accessibility (IDEA) to life.

Our financial strength enables us to support our people, strengthen our communities and provide financial security for our clients over the long-term. We have sharpened our profitability and have a robust balance sheet as a result, despite ongoing volatility. In 2022, our strong capital position and net income of \$309 million well-positions us to navigate ongoing uncertainty with confidence.

We know uncertainty isn't going away. We are living through volatile times, and the road ahead won't always be smooth. Yet I have no doubt the people in our co-operative will rise to the challenges and opportunities ahead.

We will harness the resilience and commitment that has brought us this far. We will stay the course to create the future we envision—one that benefits our co-operative as well as our members, clients and communities.

Robert Wesseling

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



Message from Board Chairperson John Harvie

Guided by our co-operative identity

Many of this year's stories were marked by uncertainty. Geopolitical instability, the climate crisis, high inflation, and the pandemic made frequent headlines as challenges in our midst. When confronted by these challenges as individuals, we might be tempted to despair. Yet through our co-operative business philosophies, we gain the strength and resilience required to face them together.

I firmly believe co-operatives are well-positioned to support our communities and the economy through difficult times. We have become very good at working together to develop meaningful, collaborative long-term solutions to complex challenges.

At Co-operators, we are strengthened by a diversity of perspectives that coalesce around a common purpose. Our 46 member organizations bring the interests of millions of Canadians to our governance tables.

Through our employees, Financial Advisors and client-facing staff, we're embedded in communities across Canada. Our co-operative is strengthened by coalitions, partnerships and co-operatives that span industries, sectors and political stripes. Together, we are stronger. We embrace and leverage our differences, rather than use them as justification to move further apart.

2022 marks the final year of our 2019 to 2022 strategic plan, and in this period, we strengthened our co-operative and reinvested that financial strength into the organization, while also investing in the sustainability and resilience of our members and communities. Of course, we have faced many challenges, and have identified areas in which we must work hard to do better – and these areas for strategic improvement are highlighted throughout the pages of this report.

We made national headlines supporting our communities through devastating climate events like Hurricane Fiona on Canada's east coast, where we were the first insurer to offer coastal flooding from storm surge.

We continue to invest in the social well-being, environmental resilience, and inclusive economies of our communities, and championed the co-operative movement, contributing 3.9% of our pre-tax profit to Canadian co-operatives, non-profits and charities.

This was also a year to imagine and design our future. The Board of Directors worked alongside Co-operators management team and key departments to develop and ultimately approve our strategic plan that will carry us forward over the next four years. At the same time, we remain oriented to a set of enterprise long-term goals that are aligned to the United Nations Sustainable Development Goals. These long-term goals will help us deliver on our purpose and bring our vision of being a catalyst for a sustainable, resilient society to life.

I'm proud of the progress we've made and heartened by the opportunities ahead. Our employees, Financial Advisors, members, and community partners have worked in concert to navigate uncertainty and develop imaginative solutions, and we've arrived today stronger than ever. And while we do not know what lies ahead, I am confident that together, we will resolutely face the future, and continue moving forward with a mindset of co-operation.

John Harvie

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



2022 issues and trends

We meet the needs of Canadians living in a changing world

We monitor and consider societal trends and issues to ensure we're relevant and effective in fulfilling our purpose.

The climate crisis

In 2022, climate-related events caused \$3.1 billion in insured losses in Canada, with the total cost estimated at three to four times that amount, in addition to immeasurable social and emotional impacts endured from coast to coast to coast. In our roles as a business, an insurer, an investor and a co-operative, we're working to address the greatest existential crisis of our times. Learn more about our climate action and advocacy on pages 44 to 47.

High inflation

A convergence of factors in 2022 drove inflation in Canada to its highest levels in years, putting increased financial pressures on many Canadians. The high inflation environment has led to increased cost of living—and has put the short—and in some cases, long-term financial security of our clients and communities in jeopardy. As a financial services co-operative and as an insurer, it's critical we stay focused on supporting our clients and meeting their needs through this time of volatility.

Shifting consumer preferences

A focus on digital engagement is accelerating across sectors and industries. Alongside this is a shift in the way consumers might think about procuring their insurance products, with insurance being embedded at the point of purchase. It will also shift how many consumers seek out financial advice and investment products. To stay competitive, we must keep pace with the level of digital experiences that our clients and all Canadians have come to expect online. To learn more about our digital transformation, see page 33.

Conflict and polarization

The Russian invasion of Ukraine shook the world in early 2022, sending stock markets, oil prices and global supply chains into a state of increased volatility. As this conflict continues, geopolitical instability has kept global economies in continued uncertainty. Meanwhile, a rise in polarization on key issues in Canada has created significant barriers to long-term collaborative solutions to pressing issues. We bring our co-operative principles, values and purpose to bear when we invest, partner, innovate, and advocate for a better, more co-operative and sustainable world.

The changing nature of work

The pandemic has accelerated a shift away from traditional modes of working. It has changed both where and how people work, as well as what people expect from a workplace and the culture it fosters. By seizing opportunities presented by this transformational moment, we have reimagined the nature of work to become more flexible, collaborative, and inclusive. We have embraced and will continue to encourage a variety of hybrid work models to align with the work being done. More on the future of work can be found on pages 71 to 73.

Emerging issue: Biodiversity loss

Accelerated by habitat loss, climate change, pollution, and over-harvesting, an alarming trend of biodiversity loss is posing an increasing risk to ecosystems and current and future generations. In 2022, we elevated biodiversity loss on our emerging risk radar, and will continue to explore our relationship with this key issue going forward.

Top reporting issues

What matters to our stakeholders, matters to us

The issues and trends discussed throughout this report are a direct reflection of what matters to the people in our organization, our members and our clients and communities.



Client and member financial security



Financial performance



Climate change and the net zero economy



Community resilience



Inclusion, Diversity, Equity and Accessibility



Workforce engagement



Investing for positive impact and sustainability



Environmental footprint



Innovation and digital trust



Co-operative governance



Future insights

How we create value

We're creating a virtuous cycle of financial security for Canadians and our communities

We provide investments, insurance and advice to meet the needs of our members, clients and communities. Over time the solutions we provide lead to positive impacts and outcomes that improve the financial security, sustainability and resilience of those key stakeholders.



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

A photograph of three women in athletic wear laughing together outdoors. They are standing in front of a brick building with several windows. The woman on the left is wearing a light grey tank top and a black headband. The woman in the middle is wearing a blue patterned tank top. The woman on the right is wearing a black and white patterned tank top. They are all smiling and laughing, creating a positive and energetic atmosphere.

**The value we
create thrives in
an ecosystem of
relationships.**

Our 2019 to 2022 corporate strategy

Our four-year strategy was designed as a bridge to the future

2022 marked the end point of a four-year strategy developed in anticipation of the changes that will impact our organization and our stakeholders. Putting the needs of our members, clients, workforce and communities at the forefront, the successful execution of our strategy has strengthened our organization, and positioned our co-operative for a more sustainable, resilient future.

A strategy designed for a world of change

Our 2019 to 2022 corporate strategy contained five key focus areas: Client Engagement, Co-operative Identity, Competitiveness, Workforce Capability, and Create the Future. In each area, we emerged strong, laying the groundwork for the next phase of our journey. From our position of strength, we can ensure our co-operative and the people we serve can thrive.

Client Engagement

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

We will ensure that the client is at the centre of our decision-making and solution delivery, providing a consistent and seamless experience across all interaction points. We will offer advice and solutions for holistic financial security, while continuously working to understand client needs and preferences. We measure our Client Engagement through our digital trust and online engagement, client satisfaction, and how we're catalyzing sustainability, all of which can drive client growth.

See page 19 for a full discussion of our performance.

Co-operative Identity

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

We will deliver relevant, compelling solutions to our member organizations and champion the advancement of the co-operative system. We will lead with initiatives that address Canadians' unmet economic, social and environmental needs, and build their resilience. We will integrate co-operative and sustainability principles into all areas of our business. We measure our Co-operative Identity through support for members, co-ops and communities, and by integrating sustainability into our operations and investment decisions.

See page 35 for a full discussion of our performance.

Competitiveness

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

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

See page 55 for a full discussion of our performance.

Workforce Capability

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

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

See page 65 for a full discussion of our performance.

Create the Future

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

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

See page 79 for a full discussion of our performance.

Four years ago, we saw opportunity in change. Today, we're living our transformation.

Our four-year strategy was designed for a future less focused on delivering individual products and transactions, and more focused on the holistic financial needs of our clients—from investments to insurance to financial planning and advice.

Four years ago, we predicted several dramatic changes would disrupt our industry over the next 10 years, including transformations to personal transportation, client expectations and technological capabilities. We responded with an ambitious plan that would successfully transition us into this new reality. Today, we are well-positioned to continue our strategic journey of building a bridge to the future.

We digitized key products and services.

In 2019, we set out to digitize auto insurance. We surpassed this ambition, and now clients can receive quotes and complete insurance transactions online for both home and auto insurance. For more, see page 33.

We have grown our advice-based lines of business.

Growth in advice-based lines to meet the holistic needs of our clients was critical to our strategy. We have seen significant growth in commercial business lines and wealth management assets under management, and we created Co-operators Financial Investment Services, which has enabled us to expand our offering of compelling investing solutions that build the financial security of our clients. For more, see page 58.

We renewed our focus on addressing emerging and unmet needs.

Rapid change is exposing emerging and unmet needs in our communities. Addressing these needs are core to our purpose. With our 2019 to 2022 strategy, we became one of most accomplished impact investors in the world, with over 23.6% (over \$2.69 billion) of our invested assets in verified impact investments. For more, see page 50.

We strengthened our capital position.

Continued strength in our capital base is largely driven by profitability in our core operations and strong investment performance. This solid foundation prepares us to manage new uncertainties and deliver on our organization's purpose over the long-term. For more on our financial performance and position, see page 56.

We continue to champion the global co-operative community.

We continue to have positive member engagement and our co-operative business volume continues to grow. Being a co-operative and doing business with other co-operatives makes our organization stronger. Our vibrant network of member organizations makes our communities and the co-operative movement stronger. For more on how we support and engage co-ops, see page 36.

Our vision of success takes a long-term view

Our long-term goals drive us toward our purpose to provide financial security for Canadians and our communities, build resilience in the face of evolving risks, and support a sustainably and inclusively prosperous society.

We must act and contribute in ways that support a resilient and sustainable society. Our 2030 Enterprise Goals are aligned with the UN Sustainable Development Goals (SDGs), and we've developed a framework for how we contribute to them as an insurer, investor, business, and co-operative. By achieving our 2030 goals through our successive four-year strategic plans, we will maximize our impact how and where we can, working to make a meaningful contribution to communities within Canada and globally. For more on our SDG framework and highlights of how we're impacting or contributing to the SDGs through our strategic performance, see page 104.

Our 2030 Enterprise Goals

By 2030, Canada is ...

Financially secure

We have contributed to increasing financial security in Canada and among our members and clients.

Resilient against risks

We have helped make Canada more resilient and less vulnerable to risk.

Sustainably and inclusively prosperous

We have helped build inclusive and sustainable prosperity for Canadians and Canadian communities.

To achieve these goals, we will:

Inform and Influence

Advocate for better public policies and financial frameworks.

Promote positive behaviors for risk reduction, while also helping Canadians make sustainable and healthy choices.

Use our influence to promote better environmental, social and governance performance, including increasing the representation of women and other under-represented groups in leadership roles.

Incent

Provide insurance solutions at rates that balance being affordable and reflect the true cost of the risk.

Enable and incent clients to contribute to sustainable communities through our insurance and wealth solutions.

Partner with governments, businesses, community groups, and other stakeholders to co-develop solutions that advance sustainability.

Invest

Harness our investments to finance the growth of a sustainable, resilient, equitable, low-carbon society.

Build the innovative and collaborative capacity of our organization and partners to co-create solutions to societal challenges.

Model leading operations, including achieving carbon-negative and environmentally restorative operations and ensure the composition of our workforce and leadership ranks reflects the face of Canadian society.

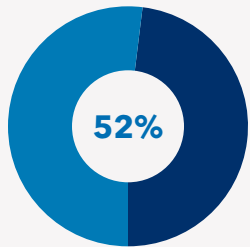
2022 strategic performance dashboard

Client Engagement

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

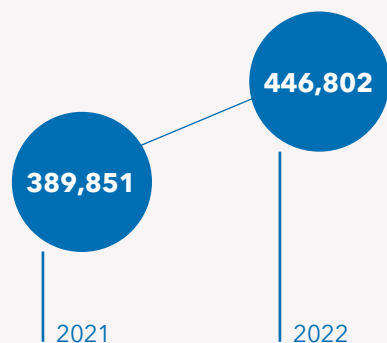
Digital trust and online engagement

Percentage of households that have signed up for Online Services



2021: 47%
Target: 40% by the end of 2022
Status: exceeded

Number of Home and Auto transactions completed online



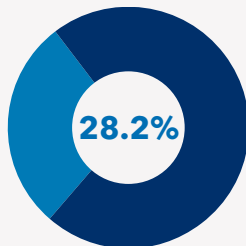
Client growth

Total client households insured



Catalyzing sustainability

Revenue from sustainable products and services



2021: 22.6%
Target: 20% by 2022
Status: exceeded

Client satisfaction

Pollara Annual Study Ranking



Auto* Home

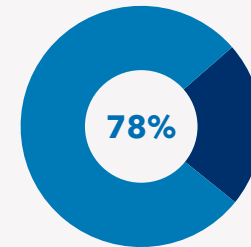
Target: Achieve a ranking of third or above for both Home and Auto
Status: achieved
**Tied for first*

Overall Net Promoter Score



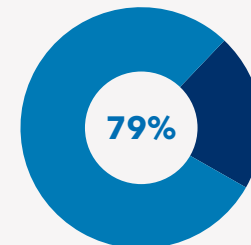
2021: +20
Our strong result of +22 on this scale (-100 to +100) demonstrates the willingness of clients to recommend us.

Group Benefits Client Experience Index 2022 (biennial)



2020: 77%
Target: 80% by the end of 2022
Status: not achieved

Credit Union Client Experience Index 2021 (biennial)



2018: 79%
Target: 80% by the end of 2022
Status: not achieved

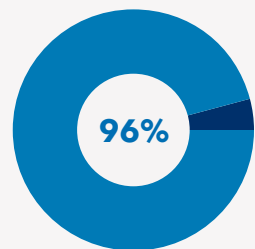
2022 strategic performance dashboard

Co-operative Identity

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

Supporting members and co-ops

Member Engagement Score (2021)



2019: 98%
Target: 85%
Status: exceeded

Total amount contributed to co-operatives in 2022



2021: \$1.6 million
Target: \$1.5 million each year
Status: exceeded

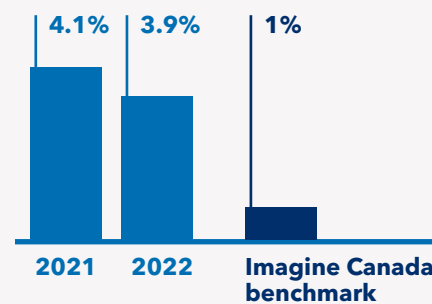
Total member and co-operative business volume



2021: \$1.279 billion
Target: \$1.388 billion by the end of 2022
Status: not achieved

Supporting our communities

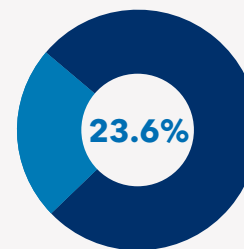
Percentage of pre-tax profit contributed to Canadian co-operatives, non-profits and charities



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

Investing in a sustainable, resilient future

Percentage of Co-operators invested assets in impact investing



2021: 21.2%
Target: 20% by the end of 2022
Status: exceeded

Environmental impact

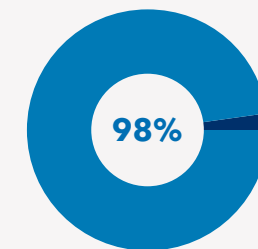
Carbon footprint reduction



2021: 100%
Target: Maintain carbon neutrality
Status: achieved

Sustainability integration

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



2021: 95%
Target: 100% each year
Status: not achieved

Corporate Knights "Best 50 Corporate Citizens in Canada" ranking



2021: #3
Target: Remain on the list
Status: achieved

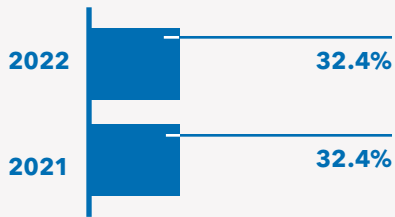
For full details and descriptions of our strategic performance, including historical trend and management discussion and analysis, please see page 109.

2022 strategic performance dashboard

Competitiveness

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

Expense ratio for P&C operations



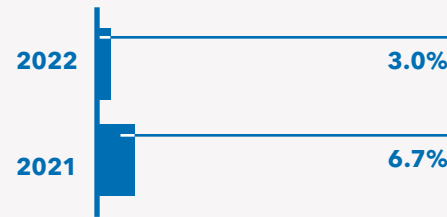
Target: At or better than the industry by the end of 2022
Status: not achieved

P&C combined ratio



Target: 98% by the end of 2022
Status: achieved

Return on participating policyholders' (par) equity



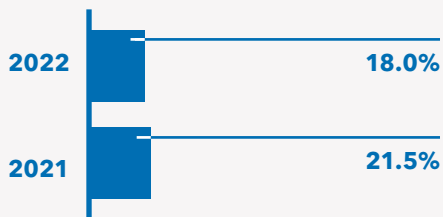
Target: 4.5% to 6.5% each year
Status: not achieved

Retail Wealth assets under management and administration



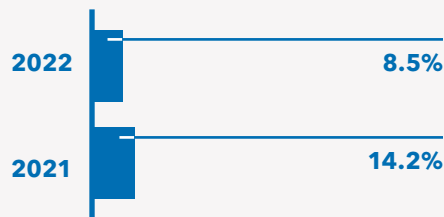
2021: \$2.31 billion
Target: \$3.0 billion by the end of 2022
Status: not achieved

Efficiency ratio for Life operations



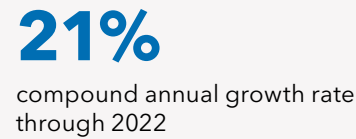
Target: 17.7% by the end of 2022
Status: not achieved

Return on members' equity



Target: 8 to 10% each year
Status: achieved

Retail Wealth sales growth



Target: 36.4% compound annual growth rate through 2022
Status: not achieved

Individual insurance new annual premium growth



Target: 7.0% compound annual growth rate through 2022
Status: not achieved

2022 strategic performance dashboard

Workforce Capability

Our people are our greatest strength. They engage with our clients from coast to coast to coast and are essential to the success of our strategy.

Competitiveness continued

Revenue growth in consolidated P&C commercial lines of business

10.4%

compound annual growth rate through 2022

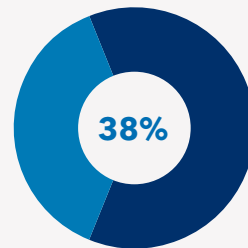
Group Benefits premium growth

6.5%

compound annual growth rate through 2022

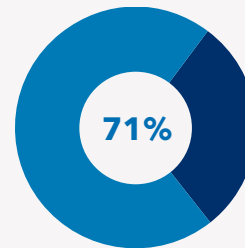
Target: 7.3% compound annual growth rate through 2022
Status: not achieved

Representation of women in senior leadership



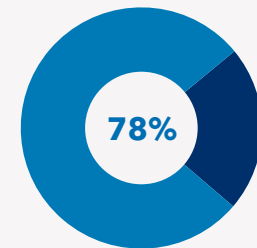
2021: 34%
Target: 35% by the end of 2022
Status: achieved

Aggregated Employee Engagement Score



2021: 80%
Target: Maintain 80% or better each year
Status: not achieved

Mental Health index



2021: 80%



Client Engagement

Our clients are a diverse range of individuals, families, businesses, co-operatives, credit unions and investors. While the products, advice and solutions we offer are wide-ranging, the way we serve our clients helps to secure their financial security, resilience and overall well-being.

Client Engagement: Financial advice for Canadians

Advice that starts with you, in your community

Our network of Financial Advisors is embedded in communities from coast to coast to coast. As members of the community, they have built meaningful relationships with our clients – relationships that enable them to provide tailored advice and solutions that fit their unique needs.

Service Review Panel

We involve clients to help resolve claims disputes. A panel of client volunteers work collaboratively and determine the fairest outcome in dispute-resolution cases. Co-operators is bound by the panel's decision, but the client still has the right to pursue external avenues of appeal. The first of its kind in Canada, this panel is an embodiment of our co-operative difference within the industry.

A community-based approach

With Financial Advisors in towns, cities and rural communities across Canada, Co-operators operates on the principle that knowing the fabric of our local community and the people who live there provides the insights and ability to serve our wide diversity of clients. Our Financial Advisors support clients in building financial security and resiliency, through tailored financial advice and insurance and wealth products that build long-term security and peace of mind. Our personalized approach is designed to help people find solutions that work for them and their own life complexities, rather than a one-size-fits-all approach to insurance or wealth planning.

Our client commitment

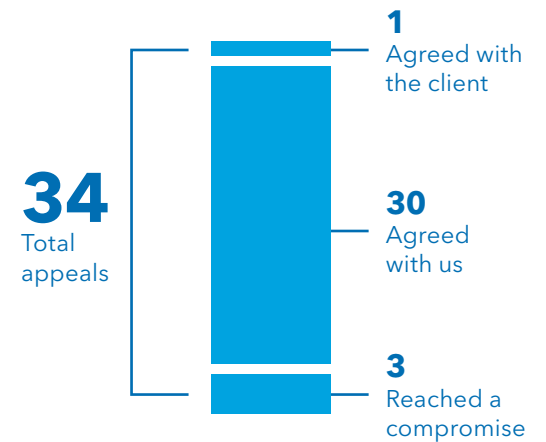
Through our Claims Guarantee, our clients can contact us, identify their loss, and assess their damages and premium impacts before deciding to pursue a claim; the decision not to proceed won't affect their policy. Some exclusions may apply. You can find full details of our Claims Guarantee at cooperators.ca/claims.

We lead in client satisfaction

In 2022, Pollara Strategic Insights surveyed home and auto insurance clients across the country to determine how likely consumers are to recommend a business. For the second consecutive year, we are ranked in the number one spot in both home and auto.



Service Review Panel



Feature story

A community-based approach

Our Financial Advisors are a part of the local community and understand the unique needs of their clients. We spoke with Co-operators Financial Advisor Bill Bachra about building relationships of trust and bringing a sense of purpose to life in his business and his community.

How would you describe the Co-operators difference when it comes to the client experience?

Bill Bachra: We take the time to get to know our clients to ensure we are providing the best services and products possible. We go the extra step to get to know our clients so that we can make sure their needs and risks are considered before making a recommendation on the best coverages for their unique needs. These needs change over time and by focusing on ongoing support and building relationships with our client reviews we can make sure the advice and guidance we provide is best suited for the stages of life they're in. By being able to provide support to clients in different aspects of their life, whether it be insurance, investments, or advice, we become a one stop shop for all their financial questions and concerns.

What does it mean to take a community-minded approach to meeting the needs of our clients?

With a community-minded approach we immerse ourselves in our local community. This enables us to build relationships, trust, and understand the unique needs of our community. Getting involved helps our community get to know us better. Our community knows they can reach out to us when they are in need. This involvement builds a strong reputation and trust with our clients.

How do you bring our purpose – financial security for Canadians and our communities – to life?

When we meet with clients to discuss their financial needs, it is important to ensure their goals are clear. We help clients clarify their goals and work towards accomplishing these goals by sharing advice, education, and helping them understand any risks they may face based on their unique situation. By ensuring our staff feels confident in asking the right questions to our clients at the right time, we can help our clients ensure they have the right plans in place to ensure their financial security. The biggest impact we can have is having the courage to ask the next question and using our knowledge and advice to educate those around us.

“I enjoy what I do because at the end of the day I am helping my clients in their time of need, supporting them in reaching their financial goals. I know the impact my advice and experience can have on a family and their needs.”

Bill Bachra (pictured), Financial Advisor and Mutual Fund Representative



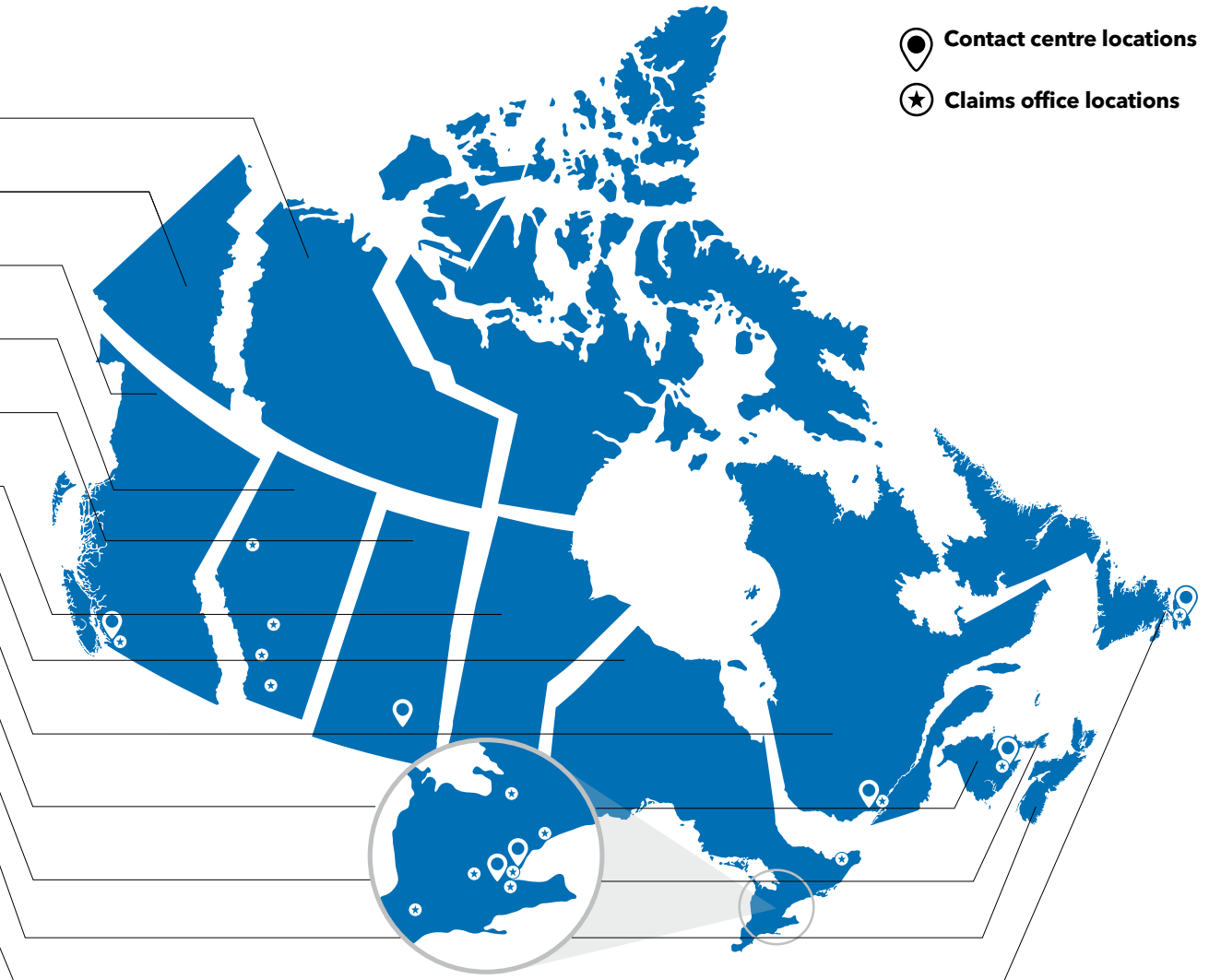
Client Engagement: Our Financial Advisor network

We serve clients from coast to coast to coast

In over 370 towns, cities and rural communities, we are there to cultivate, champion and celebrate our clients' financial success.

Financial Advisor Offices by Province/Territory:

Northwest Territories	1
Yukon Territory	1
British Columbia	48
Alberta	127
Saskatchewan	33
Manitoba	14
Ontario	304
Quebec	19
New Brunswick	27
Prince Edward Island	9
Nova Scotia	18
Newfoundland and Labrador	19





“Our clients choose us because they want a personalized financial solution that fits who they are as people. They come to us because of the human relationships we’ve built with them. We understand how their financial goals will help them achieve financial security and move them along their personal journeys.”

Senthu Punithavel, Mutual Fund Investment Specialist
and Financial Advisor

Client Engagement: Investments and financial advice

Investing made easy that puts people first

We offer a myriad of products, solutions and advice that meet the far-ranging investment and wealth planning needs of our clients. In all cases, we strive to build the long-term financial prosperity and stability required to navigate times of uncertainty and recover with strength when challenges arise.



Key challenge

Raising awareness of our wealth management offerings

Amid a volatile economic and investment landscape in 2022, introducing and highlighting our wealth management offerings—investment products and services and financial representatives well-equipped to build a fulsome financial plan—was a significant hurdle. The resolve to overcome this challenge resides in our long-term goal to provide a complete advice-based service that caters to clients' individual goals, with solutions tailored to meet their needs. We will continue promoting these offerings and educating clients on our expertise in this area.

Building prosperity of Canadians

Regardless of their level of wealth, all clients can benefit from financial advice. Our Co-operators-branded mutual fund dealer and suite of mutual fund products are delivered through 664 Mutual Fund Investment Specialists across Canada to build their clients' wealth and help them plan ahead. Our range of quality mutual funds from Canada's leading fund managers, as well as Sustainable Investment Portfolios, Segregated Funds, Variable Rate Option and Guaranteed Rate Option Accounts, and Annuities help meet our clients' wealth planning needs. We strive to ensure our products, services and advice don't leave lower-income Canadians behind, so we do not require account minimums to invest (aside from small minimums on select third party mutual funds). That means Canadians can access wealth planning, investments and advice, regardless of their current financial status. By the end of 2022, we had over \$2.2 billion in retail wealth assets under management and administration.

Enhancing our group retirement and savings offer and expanding distribution

In 2022, Group Retirement & Savings continued to strengthen our offerings by expanding our investment fund line-up, improving services for plan sponsors and members, and developing solutions-to-market in the third-party distribution channel. We ended the year with \$2.8 billion in group wealth assets under management and administration. To enhance our fund line up, we added a new suite of index-based and global funds; launched a deferred profit savings plan to close a competitive gap in our solutions; and produced a series of online educational videos to help members with their retirement income planning.

Managing the invested assets of Canadian organizations

Through our asset management company, Addenda Capital, we managed \$34.2 billion in assets of high-net-worth and institutional investors in 2022. In early 2022, a fixed income fund actively managed by Addenda for Evolve Funds Group Inc. was recognized by the industry for outstanding fund performance at the 2021 Fundata FundGrade A+ Awards.



Feature story

Sustainable investing aims to build wealth for a better world

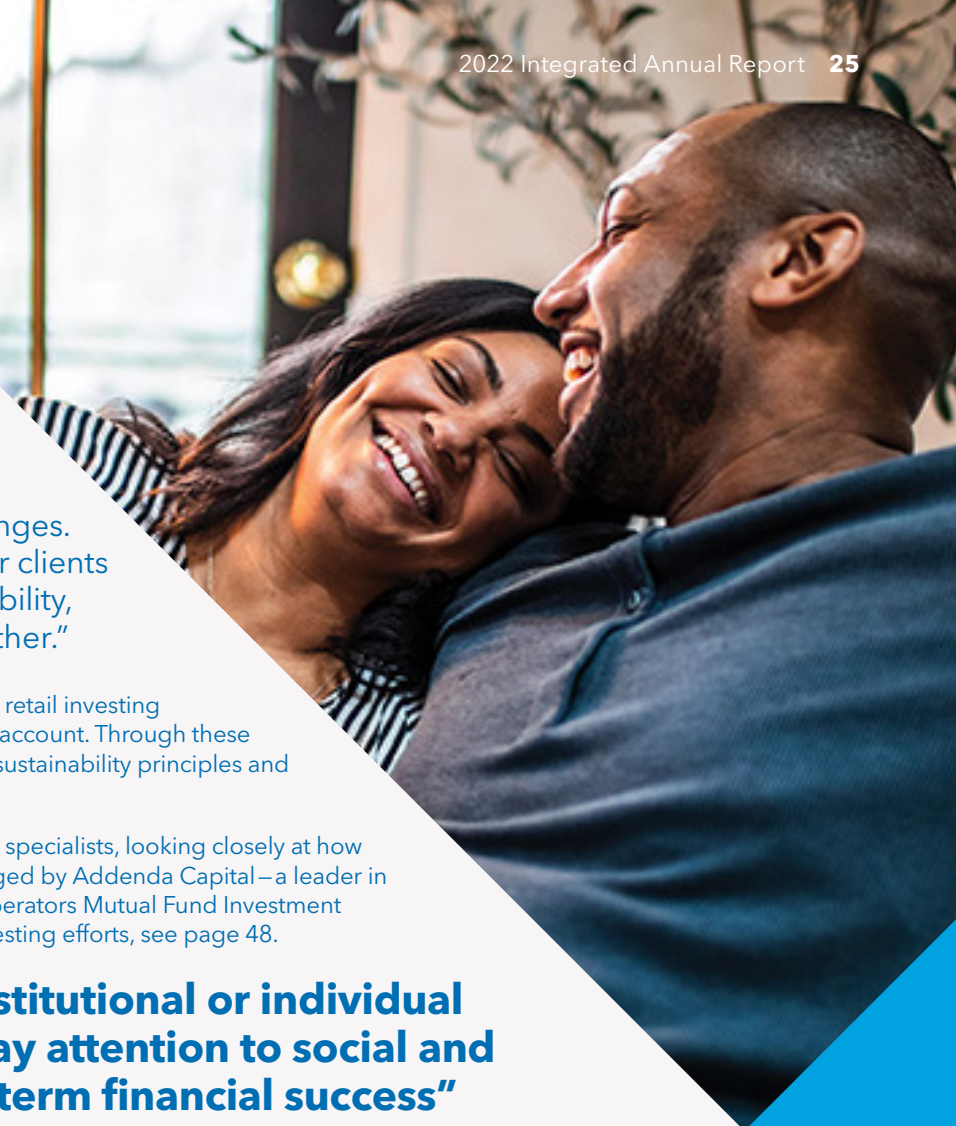
We catalyze sustainability through our investments by leveraging our financial strength to fund solutions to environmental and social challenges. In this way, we secure our long-term prosperity. Now, we are inviting our clients to join this effort, through investment portfolios that integrate sustainability, lending deeper meaning to our tagline, “Investing in your future. Together.”

Launched in 2022 in partnership with Addenda Capital, our new suite of mutual funds offer our retail investing clients a suite of investments that take environmental, social and governance (ESG) factors into account. Through these investments, clients can make decisions that build their personal wealth in ways that align with sustainability principles and mitigate many of the risks associated with increasing environmental and social challenges.

In addition to their in-house analysis, Addenda works with external research providers and ESG specialists, looking closely at how ESG factors may affect overall investment performance. The five portfolios include funds managed by Addenda Capital—a leader in sustainable investing and our own asset manager—and are available exclusively through Co-operators Mutual Fund Investment Specialists. To learn more about Addenda’s sustainable investing approach and our impact investing efforts, see page 48.

“How money is invested matters. Whether at an institutional or individual level, it signals to businesses the expectation to pay attention to social and environmental performance as a pathway to long term financial success”

Monika Freyman, Vice President of Sustainable Investing, Addenda Capital



Client Engagement: Insurance solutions for Canadians

Protecting our clients in a rapidly changing world

From climate change to health concerns, today's risks are dynamic and emerging. Through change, we offer peace of mind and protection. Our group of companies offer Canadians a variety of insurance products and solutions that meet their unique and evolving needs.



Key challenge

Navigating inflation and shifting economic impacts

Rising costs due to supply chain shortages, inflation and wage pressures have led to higher payouts for home and auto claims and longer wait times for repairs. Growth in the auto portfolio was challenged by reduced inventory of new vehicles. Vehicle prices have surged due to manufacturing delays and chip shortages, which has decreased auto purchases and stifled growth in auto policies. At the same time, real estate volatility is shifting home ownership trends and revealing an emerging insurance need in the rental market. We continue to monitor these trends and seek opportunities to support our clients.

Flood insurance for a changing climate

Our Comprehensive Water product is Canada's only product to provide access to flood insurance for all Canadians, even those at highest risk. It was also the first product in Canada to cover storm surge—an ill-met need in our coastal communities that made headlines with the impacts of Hurricane Fiona. This product now covers 672,674 Canadian households. Because insurance protection is only one part of the resilience equation, we also encourage clients to take steps to prevent losses, offering up to \$5,000 to help cover costs related to protecting premises during an imminent flood warning.

Supporting clients who are new to Canada

In 2022, we introduced additional features and support for clients who are new to Canada, including the New to Canada driving credit, which allows clients who have been previously licensed and claims free outside of North America to receive three years credit on their policy ratings. These features reflect our co-operative identity and help drive towards inclusive and equitable access to products and services that build financial security. They are one way in which we strive to meet the needs of communities and individuals who may be coming to us during a transitional, and often difficult, period.

Enhancing life insurance offerings for long-term needs

Participating whole life insurance provides permanent coverage as well as opportunities to grow financial security through dividends and cash accumulation in the policy. Enhancements made to our Whole Life product have resulted in year over year sales growth of 72%.



Client Engagement: Catalyzing sustainability and resilience

We support mindsets of resilience and sustainability

We aspire through our advice, products and solutions to support our clients in their personal resilience and to catalyze sustainability in our broader society.

Advice and solutions to build client resilience

We don't just provide peace of mind through the insurance products we offer; we equip clients with advice and information that fosters a mindset and practice of resiliency and sustainability. For Isabel Delaney, partnering with our clients to build individual and community resilience is paramount to conversations about financial security, especially in times of change.

Promoting sustainability and resilience through our insurance products

We offer products, services and discounts that catalyze sustainability in our communities. Our Hybrid and Electric Vehicle discount, our Envirowise™ discount for owners of eligible Leadership in Energy and Environmental Design (LEED) certified homes, and our Enviroguard™ coverage, which incentivizes eco-friendly and sustainable repairs or energy-efficient retrofits, all encourage sustainable and resilient decision-making. A full list of all products and services with a sustainability feature is available at cooperators.ca.

Promoting home fire safety across Canada

In celebration of the 100th anniversary of Fire Prevention Week, we expanded our partnership with the National Fire Protection Association in 2022 in support of Fire Prevention Week in collaboration with 200 Financial Advisors across Canada to provide fire prevention kits to local fire departments to encourage residents to prepare and practice their home escape plans with all members of their households.

“We’re in this business to support our clients, especially on their worst days. It’s important to review clients’ coverages and make sure we’re taking care of their risks, like with our Comprehensive Water coverage. Being able to offer storm surge protection to our coastal clients is making a real difference.”

Isabel Delaney (pictured), Financial Advisor, Charlottetown, Prince Edward Island



Client Engagement: Insurance and group benefits solutions for Canadian organizations

We meet the needs of businesses so they can meet the needs of their clients

Canadian businesses and organizations have unique risks to navigate in fast-evolving operating environments. We provide a range of tailored insurance, group benefits and risk management solutions that meet their needs, across industries and sectors.

Preventing losses in Canadian farm operations

Working in partnership with PrevTech Innovations Inc, we've enhanced the protection of Canadian farm operations through electrical monitoring devices that can be installed in barns and other farm structures to detect and prevent structure fires. First offered in Ontario and Quebec, this program expanded nationally in 2022, and is now available to over 40,000 of our farm clients across the country.

Exploring Indigenous perspectives in group benefits

Co-operators Life Insurance Company (CLIC) has partnered with the Many Nations Community Education Fund, designed to support increased First Nations participation in the financial services industry. We will continue to explore opportunities to broaden and improve group benefits programs from a First Nations' perspective.

Risk management services enhance the security of Canadian credit unions

We continue to focus on risk management services for our credit union clients, providing tools, resources and training to assist our credit union insureds to manage their risk exposure, at no extra cost. Through risk bulletin updates and alerts on topics like property risk, climate risk and more, as well as education sessions, site visits and direct engagement, we support Canadian credit unions in understanding, monitoring and responding to risks.

We're passionate about protecting Canadian businesses and the communities they serve. We recognize that achieving this takes more than quality insurance products and risk solutions. It starts with living by our values and being driven by our purpose.



Client Engagement: How we handle claims

Embedding sustainability into our claims processes

There is opportunity to catalyze resilience and sustainability in how we handle claims after an event occurs, by using more environmentally-conscious practices, encouraging our clients to build back stronger with more resilient materials and helping to mitigate the impacts of waste created through the claims process.



Key challenge

A growing storm of external factors are impacting claims process

From late 2021 to the end of 2022, we saw three of Canada's top 10 largest major events in history, impacting our clients and communities, increasing claims volumes, and putting pressure on vendors and partners. At the same time supply chain issues, slowdowns in the legal system due to the pandemic, and heightened inflation all added cost and complexity to the claims process. We're addressing these challenges through our strong network of trusted preferred vendors, sourcing recycled parts or alternative products, settling disputes outside of regular channels, and communicating expected supply chain and labour market corrections.

Reducing the environmental impact of claims

Construction and demolition waste is one of the largest contributors to municipal solid waste in Canada, and 45% of global carbon emissions are generated through the manufacture of new products. As well, 98% of insurance waste goes to landfills in North America and the overwhelming majority of rebuilds use traditional, emissions-intensive materials. In 2022, we launched two resilient and sustainable claims options for Co-operators clients in Edmonton and Calgary, which we intend to roll out nationally in 2023. These options include:

Drying-in-place

Instead of ripping out wet drywall, if it was dampened by clean water, we bring in high-powered fans within 72 hours to begin the drying process. This prevents mould, drastically lessens disturbance and inconvenience to clients, reduces environmental impact, and saves money.

Soft contents cleaning

Instead of throwing away furniture, clothing, and other soft material items, special cleaning equipment can be used to return the items to their original state – or better.

For more on how we're reducing waste and promoting the circular economy through our claims processes and partnerships, see page 39.

Sustainable claims solutions

Following a claim, we supply a list of vendors, contractors and repair shops committed to energy conservation, emissions reduction and more. This ensures that clients have the option of rebuilding with sustainability in mind.

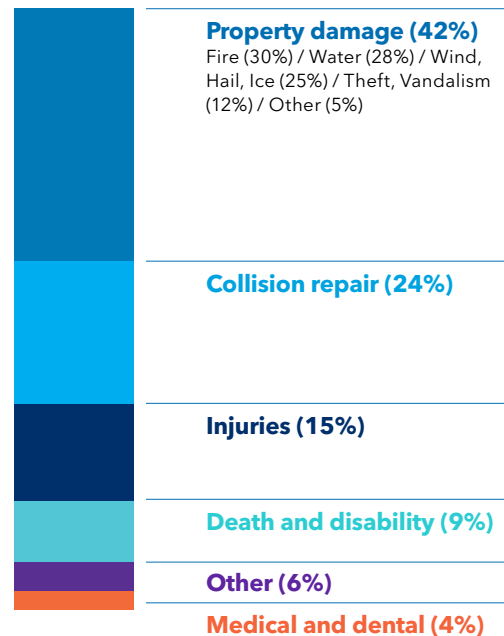


Total amount paid to clients in claims and benefits in 2022

\$2.39 billion

2021: \$1.89 billion 2020: \$2.04 billion

Claims and benefits paid by type to clients in 2022



“We’re committed to finding creative, sustainable solutions to how we handle claims.”

Karen Flamand (pictured),
Associate Vice President,
National Claims.

Client Engagement: Climate risk and loss prevention

Helping Canadians build climate resilience

We conduct research, partner with organizations and support initiatives that help build awareness among Canadians of the risks they face and ensure they are well-supported with access to tools and information that can help prevent losses.

Modeling climate scenarios to improve our products and services

Through our Climatic Hazards and Advanced Modelling (CHARM) platform, we can estimate climate risk concentration and accumulation in our portfolio. We have also developed a dashboard that uses our climate-scenario modelling capabilities to better understand and predict anticipated impacts of climate change on our clients and our business for several natural hazards, including floods, hurricanes, and extreme weather. In 2022, we improved the accuracy and sophistication of our storm surge models, which enable us to provide Canada's most comprehensive coastal storm surge insurance coverage. We also developed a set of wildfire simulations for the cities of Whitehorse, Thunder Bay and Grand Prairie, which modelled wildfires from ignition to dispersion, and predicted estimates of the damages. The successful prototypes are encouraging in terms of our ability to model this type of natural hazard.

Sharing climate risk expertise

We share our leading-edge climate-risk modelling capabilities and expertise with others, through consultations that further other organizations' understanding of their own climate-related risks and exposures. In 2022, our CHARM team of climate experts conducted a pilot project to develop flood and wildfire risk reports for a large Canadian credit union to determine the climate-related risk exposure of their lending portfolio. This credit union now performs a quarterly assessment of their portfolio using these tools.

Supporting community wildfire resilience

We're a founding member of Wildfire Community Preparedness Day (WCPD), a national program launched in collaboration with FireSmart Canada, the National Fire Protection Association (NFPA), the Institute for Catastrophic Loss Reduction and various provinces and territories. Co-operators contributed \$25,000 towards participating WCPD communities across Canada to help support 161 events and activities to increase home, neighbourhood and community resiliency to wildfire.

Improving resiliency against extreme weather

In 2022, we sent 302,043 Weather Alerts to clients in advance of extreme weather events and other seasonal weather patterns that may put their property or safety at risk. These messages help clients prepare and protect their belongings to mitigate losses and stay safe.

Working in collaboration with the Institute for Catastrophic Loss Reduction, we helped raise awareness through our advisor network of a City of Calgary-based roofing rebate program, which offered homeowners a rebate in the installation of impact-resistant roofing to help mitigate severe weather damage to homes. We also advocated for Ontario building code improvements to ensure homes can better withstand wind-related climate events like the high-impact derecho event that swept across Ontario and Quebec in 2022, causing an estimated \$875 million in insured losses across the industry, according to Catastrophe Indices and Quantification (CatIQ).

Client Engagement: Digital transformation

We are accelerating on our digital journey

The world is increasingly digital. Clients expect digital options, through self-serve capabilities, in their journey and interactions with us. By investing in our internal and external digital platforms and processes, we create capacity for advisors to increase their focus on advice-based financial services and for client-facing staff to better tailor their client interactions.

Further digitizing our Home and Auto insurance

In 2022, we accelerated our ongoing work to deliver the digital experience clients have come to expect from online points of interaction, making it easy and convenient to get a quote for home and auto products, and purchase insurance either online, over the phone, or in person, depending on their preference. This milestone in our digital transformation will help to further grow our core business lines while opening entry points into more holistic financial planning conversations with our clientele.

Greater client convenience in life insurance underwriting

To ensure accessing life insurance is an easier and more convenient process for clients, we're providing more options that work for them. With the new Life Portal, our clients can choose to answer personal history questions through an external medical professional via phone call, with their advisor, or directly via their own device. To date, 46% of clients completed personal health questions online individually or with their advisor.

Keeping client information safe and secure

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

Building trust through privacy

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



Co-operative Identity

Our co-operative identity anchors our decision-making to who we are as an organization and pushes us to go further to create positive change.

It gives shape to our community engagement, drives our support for members and co-operatives, and furthers our efforts to invest in a better, more sustainable and resilient future.

Co-operative Identity: Supporting members and Canadian co-operatives

We support Canadian co-operatives to enrich the fabric of our communities

We are governed by 46 member organizations, and we work with them to provide broad benefits to our members and their members, clients and communities. Through the unique solutions and services we offer, we aim to strengthen a sector that is working in pursuit of a common goal to build a better, more sustainable future.



Key challenge

Growing our co-operative business

As the insurance market hardened and barriers to connecting with our members persisted in the wake of the pandemic, marketing our co-op and grassroots member-specific products and services was challenging. While we've achieved a strong level of growth over our four-year strategy, much opportunity remains, especially in terms of tapping into the significant potential among the members of our member organizations. To further this, we expanded our offerings to include an exclusive commercial offer for grassroots members of our members and launched a marketing toolkit for our members and agency teams to promote the Member Benefits Program to the members they serve.

Bringing benefits to Canadian co-ops and their members

We provide our members with an annual payout through our Member Loyalty Program, which is based largely on member business conducted with our company, and subject to the approval of our Board of Directors. In 2022, we delivered \$32.6 million to members, a strong reflection of the mutual benefits of our co-operative relationship.

Across Canada, co-ops and credit unions provide food, housing, goods, services, meaningful work and financial solutions. Through our Member Benefits Program, we provide unique benefits to our members' members, offering access to personalized insurance coverage and savings. In 2022, this program provided benefits to 165,952 households across Canada.

Enhancing the experience of our members

As we build strong relationships with our members, we each gain insights and unique perspectives from communities across Canada. In 2022, we brought members together again in person through our Member Experience Summit, which was an opportunity for key corporate contacts of our member organizations to connect with each other and us. We also engaged members on sustainability initiatives including sustainable investing, opportunities to build the circular economy, navigating supply chain challenges, and learning about the impacts of climate-related risks on co-operatives and insurance.

Feature story

We're shedding light on climate-related risks and opportunities

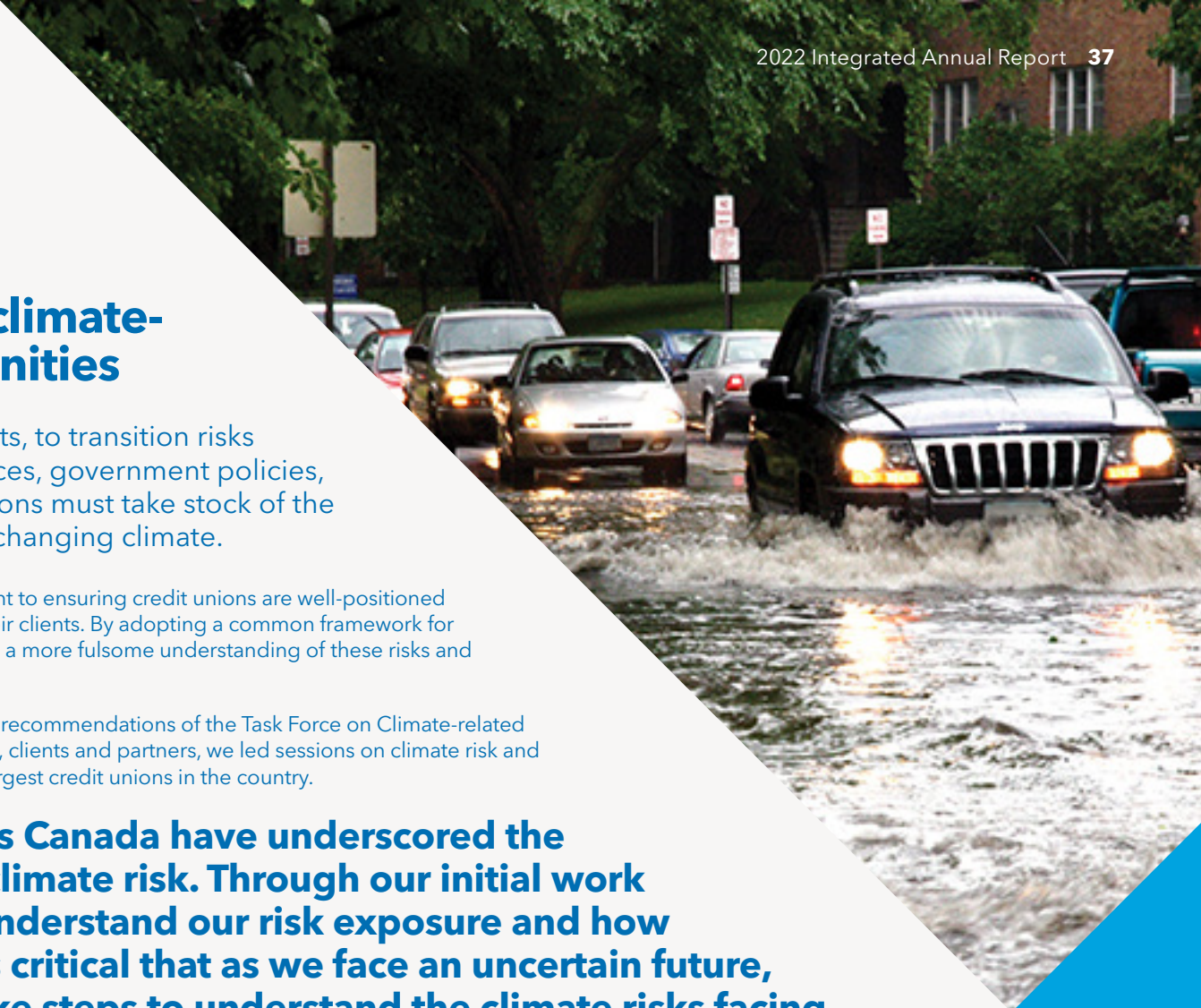
From acute risks like extreme weather events, to transition risks arising from changes in customer preferences, government policies, and new technologies, Canadian credit unions must take stock of the potential impacts that come with a rapidly changing climate.

Understanding climate risks and opportunities is paramount to ensuring credit unions are well-positioned to navigate change and protect the financial security of their clients. By adopting a common framework for climate-related financial disclosures, credit unions can gain a more fulsome understanding of these risks and opportunities and how they impact the sector.

To share lessons on how we've adopted and implemented recommendations of the Task Force on Climate-related Financial Disclosures with Canadian credit union members, clients and partners, we led sessions on climate risk and engaged in dialogue on climate action with many of the largest credit unions in the country.

"Extreme weather events across Canada have underscored the importance of understanding climate risk. Through our initial work with Co-operators, we better understand our risk exposure and how we can mitigate these risks. It's critical that as we face an uncertain future, credit unions across Canada take steps to understand the climate risks facing their portfolios and begin to take necessary action now."

Nezihe Aquino, Chief Risk Officer, Vancity



Co-operative Identity: Social impact

Good people with great ideas are building a better world

We contribute to a rich array of community organizations that are building environmental resilience, enriching social wellness, creating a more inclusive economy and championing a co-operative society. Taken together, these are key dimensions of more resilient communities, and they comprise what we call our social impact framework.

Building environmental resilience

Damage and loss from climate-related events are increasing. Insurance is a critical but incomplete solution to the climate risk problem, because as risks increase, insurance will become less affordable. To minimize disruption and to facilitate an equitable transition, we need climate-resilient infrastructure to ensure our communities are built to better withstand climate change. To help Canadian municipalities identify risks, needs and opportunities around climate-resilient infrastructure, we've supported the Federation of Canadian Municipalities and are partnered with ICLEI Canada and the Institute for Catastrophic Loss Reduction. To learn more about how we're investing and advocating for climate resilience, see page 46.

Climate change does not affect all communities or groups of people equally. Vulnerable populations and people who have been marginalized are disproportionately impacted by these risks and events. We are working with Partners for Action (P4A) at the University of Waterloo in a three-year, \$500,000 partnership to reduce flood-risk vulnerability in our communities. Building on P4A's census-based socio-economic vulnerability index, we will be exploring how to incorporate equity considerations into flood and disaster risk foresight, planning and management in Canada.

To influence a more sustainable construction and demolition waste cycle, we contributed \$350,000 to launch the Zero Waste Economic Transformation Lab in partnership with the Circular Opportunity Innovation Launchpad (COIL) and the City of Guelph, Ontario. The Lab identifies new markets for salvaged building materials and determines how and where they can be repurposed, keeping waste out of the landfill, and reducing the emissions and resources required to build new materials.

“Effective partnerships allow for innovation and agility. We start with a shared vision of resilience for Canadians and design projects to work towards this reality.”

Ewa Jackson, Managing Director, ICLEI Canada

Enriching social wellness

According to Youth Mental Health Canada, 70% of mental health problems begin during childhood or adolescence, and young people aged 15 to 24 are more likely to experience mental illness and/or substance use disorders than any other age group. In 2022, we continued our focus on improving mental health for youth aged 18-25 through a breadth of partnerships that aim to influence youth mental health along the spectrum from upstream, preventative programs through effective management to crisis support.

In partnership with Enactus Canada, we supported 355 youth in completing an in-depth, four-hour Mental health First Aid training course to equip them with the knowledge and skills to help themselves and others navigate mental health challenges. We also supported Jack.org's Be There Certificate, a self-guided online course that teaches young people how to help a peer who may be struggling. Since this course launched in March 2022, 15,955 youth have completed it.

Building on our long-term support of Crisis Text Line Powered by Kids Help Phone, since 2021 we have also funded their Peer Support Program, enabling 239,000 youth to interact with their peers using online support forums to chat, share, learn and connect to resources. Considering youth often confide in a peer as their first point of outreach, this Peer Support Program has filled a known gap in the youth mental health ecosystem.

“I had a friend text me that was having suicidal ideation. And it was because of the resources that Jack.org gave me to be able to get them the help they needed that my friend is alive today.”

Youth Participant, Jack.org's Be There Certificate program



SDG 3: Good health and well-being | Target 3.4 - Mental health and well-being

SDG 8: Decent work and economic growth | Target 8.4 - Improve resource efficiency

SDG 13: Climate action | Target 13.1 - Build climate resilience; 13.3 - Awareness raising on climate impact reduction and early warning



“Co-operators understands the importance of flexible and trust-based funding to non-profits doing meaningful work and facilitating resilience.”

Char San Pedro, Founder & Executive Director,
GOOD TO BE GOOD

Creating a more inclusive economy

An inclusive economy leaves no one behind, especially those who are vulnerable. Through Co-operators Community Funds (CCF), we support young, underserved Canadians and people with mental health challenges as they build their financial security. In 2022, \$900,000 in grants were disbursed to 42 organizations. As a flagship initiative of CCF, Pathways to Employability initiative provided over \$815,000 in programmatic funding for 11 partnerships that support the post-pandemic recovery of young Canadians who had lost jobs or educational opportunities due to COVID-19. Through this initiative, we partner with non-profits, social enterprises, co-ops and charities to source, hire, train and retain young Canadians in their organizations over the long term, and develop resources to support these efforts. Learn more about all CCF programs and their impacts in the CCF Annual Report which can be found at cooperators.ca.

In partnership with Prosper Canada, we have explored how to increase access to affordable, appropriate and trustworthy financial services for Canadians living on low incomes. As a key outcome of this work, Prosper has conceptualized and published a problem brief to inform policymakers and financial services stakeholders, highlighting gaps in financial services for low-income Canadians and the barriers to overcome.

We also partner with GOOD TO BE GOOD, a non-profit with a mission to serve women, girls and gender-diverse individuals from communities affected by historical disadvantages, discrimination and systemic barriers. Our support helped provide free and low-barrier access for 19 participants in their “Change Make-Her” entrepreneurship support program in 2022. Through this partnership we’re thrilled to provide core funding that invests in their mission to provide services, supports, and resources to women and gender-diverse individuals from priority communities, including those who are living with disabilities, racialized women, Black women, Indigenous women, trans, gender-expansive and non-binary people, senior women, low-income and immigrant women.



SDG 4: Quality education | Target 4.4 - Increase skills for employment
SDG 10: Reduced inequalities | Target 10.2 - Inclusion for all

Championing a co-operative society

We contributed \$2.5 million to the ongoing development and advancement of the Canadian co-operative sector in 2022. A significant portion of this support comes from our Co-operative Development Program (CDP), which contributed \$500,000 to 36 emerging and expanding Canadian co-operatives. CDP's 2022 recipients included:

- Black Women Professional Worker Co-op in Richmond Hill, Ontario, which supports BIPOC women to expand their enterprises in the food ecosystem network by providing tools and resources that broaden access to local retail channels and international markets.
- Yellowknife Car Share Co-operative in the Northwest Territories, which aims to decrease carbon emissions and extend the public transportation system for people unable to afford their own vehicle.
- River Select Fishery Co-operative in Williams Lake, British Columbia, founded by three groups of First Nations, which works with more than 20 Indigenous fisheries enterprises, helping to facilitate a responsible trade environment for participating members that is governed by, and for, Indigenous seafood producers supporting sustainable fisheries, local fishing cultures, and their food security.

The co-operatives we fund through CDP span the country and represent a variety of sectors, meeting the varied unmet and ill-met needs of our communities.

In addition, to engage and support younger generations in the co-operative movement, as part of the Pathways to Employability initiative of Co-operators Community Funds (see page 40), our Co-operators Young Leaders Award recognized 12 young changemakers from 18 to 35 who are involved in the co-operatives and mutuals sector in Canada. Each Young Leader received \$1000 and the opportunity to connect and network with leaders in the co-operative sector. This award was created in collaboration with Co-operatives and Mutuals Canada (CMC) and aims to support young Canadians who have been identified as future leaders of the sector.

“This award has allowed me to grow as an engaged member of the co-operative community. Not only was I able to learn from experts in the sector, but I could connect and engage with knowledgeable and motivated youth looking to create more opportunities in the sector and the co-op movement at large.”

Marla Gagnier, BC Co-operative Association, 2022 Co-operators Young Leader Award Winner



SDG 1: No poverty | Target 1.2 - Reduce poverty

We invest in Canadian communities



\$10.6 million

contributed in community investments

Co-operators Community Funds disbursed

\$900,000

to charities, non-profits and co-operatives

\$815,000

to Pathways to Employability

Feature story

Working together to build a solidarity economy

Funded through a multi-year partnership from 2022 to 2024 with Co-operators Community Funds, Solid State Community Industries is focused on empowering underserved youth, predominantly from racialized backgrounds, to develop culturally-appropriate co-operative solutions that help to address un-met or ill-met needs within their community.

Based in Surrey, British Columbia, Solid State Community Industries helps young people build their own enterprises, primarily in the form of worker co-operatives. Through their involvement at Solid State, young people gain real-world skills and earn real income. Our multi-year funding is supporting Solid State and its participants (pictured), with the goal of launching nine new co-ops over the next three years. Since 2017, over 20 co-ops have emerged through Solid State's efforts.

“We really want to instill co-operative values in our community because they provide necessary tools that people in Surrey need to give themselves autonomy.”

Vanessa Fajemisin, Co-director Solid State and Mentor, Daily Dose of Blackness



Co-operative Identity: Co-operators in your community

We support people who care for our communities

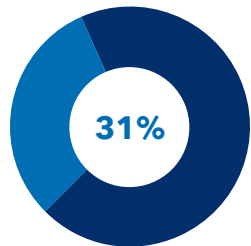
Every year, our employees and Financial Advisors support their local communities through volunteering, donations and community involvement. Through paid volunteer days, awards and annual giving campaigns, we help our people give back.

Volunteering in our communities

Total equivalent salary to support employee volunteering



Percentage of employees that used a portion of their paid volunteer days in 2022



Total volunteer hours tracked



Community support

Number of employee volunteers who participated in our annual Apple Day



Approximately

44,000 kg

of apples picked

Distributed to over

100

community organizations

Advisor Community Fund

Total Financial Advisor contribution



Total Co-operators contribution



United Way Annual Giving Campaign

Total employee contribution



Total Co-operators contribution



“It’s important to support our communities financially and through volunteering. We’re fortunate to have the tremendous support from our communities, and we can give back by supporting local organizations and non-profits.”

Todd Ritchie, Financial Advisor and Co-operators Community Achievement Award Recipient

Co operative Identity: Climate action and advocacy

We're on a crucial path to net zero

The urgency to drastically reduce global emissions to avoid catastrophic climate change requires companies and governments to systematically eliminate emissions of their operations and their investments. At Co-operators, we're committed to both, and are mapping our journey to net zero.



Key challenge

Interdependent decarbonization

Eliminating the carbon emissions of our operations is largely influenced by decisions outside our control.

The emissions of provincial electricity grids, availability of electric vehicle charging infrastructure across the country, vendors' and landlords' decarbonization processes, staff's personal commuting decisions, and home office energy efficiency all factor into our footprint. To catalyze coordinated action, we have begun to engage key departments throughout our organization on decarbonization pathways for our emissions sources and continue advocating for net-zero action in Canada.

From carbon neutral to net-zero

We have been carbon neutral since 2020 and have achieved this by reducing our corporate emissions by 35% from 2019 base year levels and offsetting the remainder using carbon offsets that have been verified to a recognized standard, to ensure quality. We are committed to going further and have set targets to become net zero in both our operations and our investments within the timeframes recommended by the Intergovernmental Panel on Climate Change. To motivate progress toward net-zero goals, we have set interim targets and milestones that will hold us to account.

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

23 gigajoules / \$1 million

2021: 20 gigajoules / \$1 million

2020: 21 gigajoules / \$1 million

Net zero operations by 2040

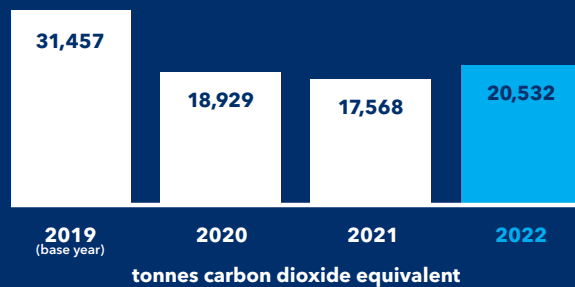
We have a target to reduce the emissions of our operations by 45% by 2030 and achieve net zero by no later than 2040. This includes both direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), including emissions resulting from corporate offices, Financial Advisor offices, fleet vehicles and business travel. Reflecting our commitment to leadership and to ensure our carbon accounting is aligned with the realities of hybrid and virtual work modes, we also track emissions from employee commuting and working from home, and Information Technology assets and services. To incentivize progress and hold us to account, in 2022 our Board of Directors initiated the process of tying progress toward our net zero operations targets to our president and CEO's long-term incentive plan in 2023.

*Results for energy consumption have been restated – see our Supplementary Disclosures at cooperators.ca/reports.

2022 emissions impacted by post-pandemic rebound

Our operational emissions increased from 2021 levels, an increase we predicted since business travel had been reduced to near zero and operational emissions decreased at a time when we were working remotely. We project that this trend will continue in 2023, and we are broadening and deepening engagement with various departments on our decarbonization pathways to drive us towards our net-zero commitment.

Operational carbon emissions**



Net zero investments by 2050

Our invested assets are one of the most significant levers we can use to catalyze climate action for a net-zero future. By 2025, we will reduce the economic emission intensity of our investments by 25% from 2020 levels (including public equities and publicly-traded bond portfolios). By no later than 2050, our entire investment portfolio will be net zero. Along the way, we will set new interim targets every four years and disclose our progress toward these goals at least annually. In addition, our institutional asset manager, Addenda Capital, set a target to ensure all assets under management will be net zero by 2050 or sooner.

In 2022, we changed our methodology for calculating financed emissions to improve accuracy. Therefore, our 2022 result should not be compared to prior year results. Efforts are underway in 2023 in attempt to restate prior year results.

2022 economic emission intensity of Co-operators listed equity and corporate bond portfolios

57.5 tCO₂e per \$1 million invested

Results using previous methodology
 2021: 67.0 tCO₂e / \$1 million invested
 2020: 77.7 tCO₂e / \$1 million invested

Get the full picture of our climate risks, opportunities and impacts

Our Task Force on Climate-related Financial Disclosures Report outlines our climate-related governance, strategy, and risk management, as well as metrics and targets, which can be found online at cooperators.ca/reports. For more on how we calculate our energy use and operational carbon footprint, and a breakdown of direct and indirect emissions, see our Supplementary Disclosure 'Our carbon footprint.' For more details on the carbon emissions from our investments, see our Supplementary Disclosure 'Carbon footprint of our investment portfolios.'

**Results for operational carbon emissions have been restated see our Supplementary Disclosures at cooperators.ca/reports.



Co-operative Identity: Climate action and advocacy

We're strong advocates for a sustainable, climate-resilient future

We actively leverage our co-operative's voice as a convener and advocate for policies, initiatives and ideas that will move our industry, our economy and our society towards sustainability.

A global movement to decarbonize our economy

As part of our ongoing work with the United Nations Environment Program Finance Initiative – Principles for Sustainable Insurance (UNEP FI - PSI), Co-operators became the first Canadian insurer and second Canadian organization to join the UN-convened Net-Zero Asset Owner Alliance, an international group of institutional investors who are working to transition investment portfolios to net zero emissions by 2050 or sooner. Following this, our asset management company, Addenda Capital, signed on to the Net Zero Asset Managers Initiative, a global movement of financial institutions managed by six international investor networks. We are proud to join a network of global companies, which at the end of 2022 amounted to over \$150 trillion USD of climate-committed capital. More information about Addenda Capital's net zero targets and progress can be found in their TCFD Report online at addendacapital.com.

Facilitating an equitable transition to net zero

Climate change and the transition to a net zero future will not impact people or communities in equal measure. We're part of a Canadian Working Group of the UNEP FI PSI that has convened insurers to better understand how to support an equitable and sustainable transition to a low carbon-emissions economy through grassroots, industry, and government engagement and education. This work will explore the impact of climate change on vulnerable populations in terms of their health, well-being and financial security. The roundtable's first area of focus is a whitepaper on the known and anticipated impacts of climate change on health and well-being, with recommendations on how the industry can act to reduce risks and drive action at the community and individual level.

Influencing Canada's National Adaptation Strategy

Co-operators contributed to the development of the federal government's National Adaptation Strategy through participation in an advisory table, coalitions such as Climate Proof Canada, meetings with government officials and a comprehensive submission to help shape the Strategy, which was released publicly in November 2022. We presented four overarching recommendations, focused on complementing a multi-faceted effort to better prepare Canadian communities for the climate-related risks and impacts we face. Recommendations were to 1) Catalyze investment in resilience to protect Canadian communities; 2) Prioritize improved climate risk data, understanding and education; 3) Take an inclusive approach to ensure an equitable transition; and 4) Ensure solutions incentivize appropriate action.

Sustainable Finance Action Council

Working in collaboration with peers across the financial services sector, we're active members of Canada's Sustainable Finance Action Council, which makes recommendations on critical market infrastructure needed to attract and scale sustainable finance in Canada. Through the council, we advocate for a mobilization of private capital to accelerate Canada's journey to a resilient, net-zero society, believing the private sector has a significant role to play in scaling solutions for climate mitigation and adaptation in communities.

A full list of our advocacy efforts and initiatives can be found in our Supplementary Disclosures at cooperators.ca/reports.



SDG 1: No poverty | Target 1.5 – Climate resilience of the poor/vulnerable
SDG 13: Climate action | Target 13.1 – Build climate resilience
SDG 17: Partnerships for the Goals | Target 17.17 – Multi-stakeholder partnerships

Feature story

Accelerating Canadian climate adaptation

We need creative, whole-of-society partnerships and imaginative ideas to meet the climate crisis head on. That's why we're working with municipalities, investors, and all orders of government in attempt to finance, scale and accelerate climate adaptation projects in Canada.

Don Iveson, Co-operators Executive Advisor for Climate Investing and Community Resilience understands the risks facing municipalities. During his time as Mayor of Edmonton, he sought to build collaborative partnerships to tackle complex challenges like climate change. With aging infrastructure, funding gaps and limited capacity challenging local governments across the country, communities are calling for more support to tackle the impacts of our changing climate, and Co-operators is working to co-develop a creative solution to this significant challenge.

Through our resilience investing project, we aim to bring private capital into the adaptation conversation, building a business case for investors to fund the infrastructure projects we know are needed to make Canadian communities more resilient and better adapted to climate change. Working with partners like ICLEI Canada, GLOBE, the Institute for Catastrophic Loss Reduction, the Federation of Canadian Municipalities, Climate Proof Canada, the Institute for Sustainable Finance and more, we've convened critical conversations and built capacity to bring imaginative and collaborative climate adaptation solutions to life.

“Canada must take bold action to improve our resiliency in the face of climate change – which is already upon us and is sadly poised to worsen. I’m so proud to work with Co-operators on assembling the creative and committed multistakeholder collaboration we need. Our whole-of-society approach brings communities, residents, asset owners, governments and investors together to build a more resilient future.”

Don Iveson (pictured), Former Mayor of Edmonton and Co-operators Executive Advisor, Climate Investing and Community Resilience



SDG 9: Industry, innovation and infrastructure | Target 9.4 - more low-carbon and resource-efficient infrastructure and industry

SDG 11: Sustainable cities and communities | Target 11.b - Communities adopt policies/plans for inclusion, resource efficiency, climate and resilience



Co-operative Identity: Sustainable Investing

Leading the way in sustainable investing

Co-operators invested assets adopt a sustainable investing lens, which analyzes environmental, social, and governance (ESG) issues of our portfolio and provides a deeper understanding of potential risks and opportunities of our investments.



Key challenge

Demand for ESG investments leads to instances of greenwashing in the industry

From 2019 to 2021, annual inflows into sustainable mutual funds and ETFs worldwide jumped from US\$172.4 billion to US\$596.2 billion. As funds scramble to meet demand, consumer confusion and greenwashing concerns have also grown. Key aspects of sustainable investing – especially in terms of credible ESG practices – are in the investing spotlight. We consider this long-expected scrutiny part of a natural process that will lead to a more mature phase of increased standardization and transparency. Addenda Capital is a firm supporter of this, believing increased standardization and transparency will go a long way in mitigating confusion and exposing ESG imposters.

Our sustainable investing approach

Our asset management company Addenda Capital invests to generate compelling returns while considering the challenges of our time. Addenda offers sustainable investing strategies that aim to foster positive social and environmental changes and open the path to a cleaner future. Our four-pronged sustainable investing approach seeks to add value by: 1) Promoting sustainable financial markets to address systemic sustainability issues; 2) Providing full ESG integration and analysis; 3) Stewardship through proxy voting and engagement; and 4) Offering sustainable and impact solutions to invest in opportunities that have a positive impact on society. [For more on Co-operators Sustainable and Impact Investing policy see our Supplementary Disclosures online.](#)

Mobilizing the climate transition

Addenda's Canadian and International Climate Transition Equity Funds were launched in 2021 with \$100 million in seed capital from Co-operators. Both funds are net zero aligned. Our climate transition strategy has a strong engagement focus, designed to push companies to increase their climate change and net-zero ambitions. Since the launch of the funds, we've held 23 meetings with companies discussing their climate strategies and progress made.

Feature story

We help markets transition to a net-zero future

We advocate for and support companies in reaching net zero targets and hold them to account if they are not adequately incorporating climate change into their strategy, performance, governance, compensation or approach to risks.

President and CEO of Addenda Capital, Roger Beauchemin, is the Board Chair of the Responsible Investment Association, which was one of four founding investor networks of Climate Engagement Canada. This coalition of financial leaders joined together to drive dialogue between investors and industry with a goal of promoting a just transition to a net zero economy.

Addenda Capital is a founding supporter of this coalition of over 40 companies with \$3.8 trillion in assets under management. This finance-led initiative is focused on engaging top reporting emitters on the Toronto Stock Exchange who have significant opportunity to move Canada towards its net zero targets.

“We put engagement at the heart of our own stewardship activities, and the collaborative nature of Climate Engagement Canada will only accelerate the pace toward a successful transition to net zero.”

Roger Beauchemin, President and Chief Executive Officer, Addenda Capital

Our sustainable and impact investing solutions



Impact investing

Impact investments create both compelling financial returns and positive social and/or environmental impact that can be adequately measured, tracked and reported. For an in-depth look at our impact investing targets and performance, see page 50.



Climate transition investments

The Addenda Climate Transition approach builds investment portfolios that work closely with companies who have credible net-zero strategies in place. We engage companies through action plans to ensure they are meaningfully contributing to collective change—that is, a resilient net-zero emissions society by 2050. For more on our climate transition investment strategies see page 48.



Fossil fuel free global equity

For clients that wish to divest entirely from fossil fuels in their investment strategy, we offer our Addenda Fossil Fuel Free Global Equity Pooled Fund. The Fund offers clients an exclusionary investing approach towards fossil fuels while generating compelling risk-adjusted returns.



Eco-social commercial mortgages

One of the first of its kind in Canada, this fund aims to support the United Nations Sustainable Development Goals, by addressing issues where Canada can make progress on housing, more sustainable cities and communities, reduced inequalities, good health and well-being, and quality education. Addenda's Eco-Social Fund invests in focus areas including: affordable housing; green buildings; underrepresented groups; cultural, non-profit and community facilities; and health and education.



SDG 12: Responsible consumption and production | Target 12.6 – Corporate adoption of sustainable practices

Co-operative Identity: Impact investing

We invest for positive impact to build prosperity

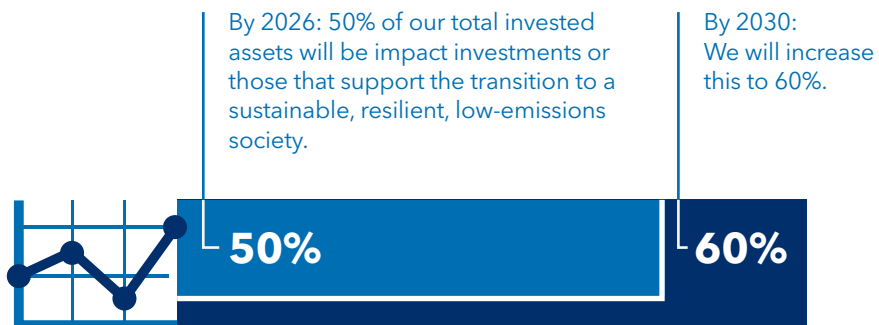
Impact investments provide compelling financial returns and help de-risk our economy and communities through investing in cleaner energy systems, resilient infrastructure, affordable housing, mental health supports and more.

Leading the way on impact investing

By the end of 2022, we had invested 23.6% of our total portfolio into impact investments that measurably address the world's pressing environmental and social issues, far exceeding our original target. When we also take transition investments into account, this grows to over 45%, bringing us closer to our 2026 target. For our efforts, we've been recognized as a leader in this space by Environmental Finance as Insurer of the Year.

\$2.69 billion invested in impact investments by the end of 2022.

We're committed to making a bigger impact



Impact investments by theme



Climate change
74.1%



Community development
21.6%



Health and wellness
2.1%



Education
1.4%



Food, agriculture and natural resources
0.8%

Expanding Canada's fixed income impact investing market

To catalyze private capital flowing toward solving sustainability challenges such as affordable housing, increasing energy efficiency, developing cleaner transportation systems and providing better health care solutions, Addenda launched Canada's first Impact Fixed Income Pooled Fund in 2018. At year-end 2022, this fund had grown to over \$237 million in assets under management and continues to grow. The fund invests in securities financing initiatives supporting climate change solutions, health and wellness, education and community development.

2022 Impact investments

Breaking down the impact of our investments

Our investments are focused on five impact themes: climate change, community development, health and wellness, education, and food, agriculture and natural resources. In each of these areas, we monitor and report on the impact* achieved by the projects and initiatives in which we are active investors. Reflecting the impact of many investors pooling capital to drive positive change, these numbers aren't the result of Co-operators alone, but depict what's possible when we work together.



Climate crisis

86.5 million MWh of renewable energy generated, enough to provide electricity to over 7.5 million homes for one year.



Community development

Invested in credit unions that paid \$401.0 million in patronage and dividends to members.



Health and wellness

Invested in projects that provided 1,040 units of non-profit seniors housing.



Education

Invested in post-secondary institutions that conferred 61,042 degrees.



Food, agriculture and natural resources

Invested in companies that conserved over 250,000 m³ of water, enough to fill about 70 Olympic-sized swimming pools.



SDG 1: No poverty | Target 1.2 - reduce poverty

SDG 2: Zero hunger | Target 2.4 - building sustainable and resilient food and agricultural systems

SDG 4: Quality education | Target 4.3 - access to post-secondary education

SDG 7: Affordable and clean energy | Target 7.2 - increase renewable energy share

SDG 11: Sustainable cities and communities | Target 11.1 - access to affordable housing

**These impacts do not result solely from our investments, but depicts the total impact achieved by the projects and initiatives in which we invest. Because of reporting periods, this value is for fiscal 2021.*

Co-operative Identity: Impact investing

Impact investing 2022 spotlights

Impact investments generate financial returns while intentionally creating or aligning with measurable social and environmental benefits. Here are two highlighted examples of impact investments from 2022 that demonstrate how financial prosperity can be directed to build a more sustainable, resilient society.

Government of Canada Green Bond

Theme: Climate change

Focus Area: Energy efficiency

Amount invested: \$159.7 million

Description: The Government of Canada developed its inaugural Green Bond Framework to align with its commitments to fight climate change, conserve biodiversity and protect the environment. This framework allows the government to utilize funding for projects aiming to reduce carbon emissions and enhance climate resilience, while ensuring a just and prosperous future for all Canadians.

Dream Industrial REIT Green Financing

Theme: Climate change

Focus Area: Energy efficiency

Amount invested: \$1.4 million

Description: Dream Industrial REIT developed its Green Financing Framework to support its transition towards a sustainable future and its commitment to impact, sustainability, and ESG initiatives. The Framework will enable utilization of funding for projects mainly focused on green buildings and improving energy efficiency.

Through impact investing we build compelling portfolios that will lay the groundwork for a resilient society and a better future.





Competitiveness

We pursue profit for a social purpose. Strengthened by a solid financial foundation and capital position, we've become a trusted provider of holistic financial services and advice, designing solutions that move Canadians towards a more resilient, sustainable future.

Competitiveness: Financial performance

Our 2022 financial performance summary

Our continued strength enables us to make decisions for the sustainability of future generations, while persevering through times of volatility. While 2022 undoubtedly strained national and global economies with inflation, market uncertainty and the risk of recession looming, we are confident our strong capital position and the resilience of our co-operative will enable us to stay focused on our purpose and continue meeting the needs of our members, clients and communities.

2022 was a turbulent year for the global economy, but with our core values at the forefront, we were able to achieve our profitability goals and maintain our strong financial position. At the end of our four-year strategy, we have accomplished a lot. With our financial strength, we are well-equipped to continue building the bridge to our future, delivering on our next strategy, and making decisions for the sustainability of future generations, all while persevering through times of volatility.

While our net income results were lower than 2021, we still achieved a return within our target range. Our performance was led, again, by strong underwriting results in our property and casualty (P&C) lines of business as well as an overall favourable impact from the rising interest rates and continued profitability from our core life insurance operations.

With central banks attempting to combat inflation by increasing interest rates, equity markets suffered in 2022. While the Toronto Stock Exchange (TSX) posted a negative return for the first time since 2018, Canada outperformed other markets on the strength of the energy sector. While the rising yield curve and its impact on the valuation of our bond portfolio skews our investment gains on our income statement, we continue to benefit from sustained investment income as interest and dividend income increased over the prior year. The increase in the yield curve also favourably impacted our core operations as our reserves and provisions were discounted using the higher yields.

Ongoing efforts to drive sustainable underwriting growth drove our positive P&C results this year. Our loss ratio increased in all lines of business, except farm, due to an increase in claims frequency and higher large losses but remained

favourable to expectations. While claims frequency has increased over 2021, it remains lower than pre-pandemic levels. We experienced solid top line growth across all core lines of business, mainly driven by meaningful rate setting as well as strong policy growth in our commercial line of business.

Climate change and extreme weather events continue to negatively impact our clients, communities and our organization. In 2022, the May Derecho windstorm in Ontario and Quebec and Hurricane Fiona in the Atlantic provinces saw a combined pre-tax impact of almost \$140 million in insured losses (net of reinsurance). Climate change continues to significantly challenge our operations; maintaining our strong financial position will be key to managing this increased risk and uncertainty for our clients and our co-operative over the long term. Overall results were also challenged by our acceleration of spend on strategic initiatives this year, as we set ourselves up for future success.

We expect further transformation into the future, and have made significant progress in laying the groundwork for our long-term strategy. Still, we know a significant amount of work is ahead, and foresee continued volatility in the global and Canadian economies and the increasing risk of climate related events.

We remain steadfast in our mission to provide financial security for Canadians and are committed to optimizing our financial performance to ensure we can do so for years to come.

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



Balance sheet and income statement overview

Our strong capital position and increased focus on driving efficiencies and boosting profitability has enabled us to continue meeting the needs of the people we serve not just today, but long into the future.

2022 balance sheet summary

Despite a 6% decrease in total assets, our overall and regulatory capital positions remain very strong and have been acknowledged through financial strength upgrades from external rating agencies. With our financial strength, we are well-equipped to navigate continued uncertainty ahead while providing financial security for our members and clients.



2022 income statement overview

While not as strong as our record year in 2021, 2022 was another strong year as our P&C loss ratio continued to out-perform expectations and rising interest rates produced a positive impact to our net income. These were partially offset by the impact of the weak equity markets and two climate related catastrophic events.



Competitiveness: Brand evolution

Keeping what matters safe, saving for what matters

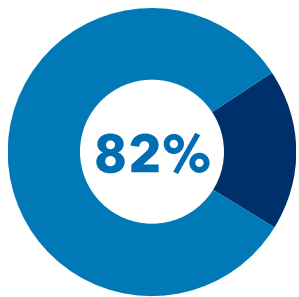
Four years ago, we set out to evolve our brand to become a trusted financial services provider, increasing our focus on advice-based solutions to protect our clients' financial security. Today, with our refreshed brand, we've reached a new milestone and are quickly growing our capacity to provide the solutions Canadians need, from investments, to insurance, to holistic financial advice.

A transformation to meet all our clients' financial needs

Equipped with a suite of new mutual fund products and a fast-growing network of licensed Mutual Fund Investment Specialists, we have transformed our core business to be able to serve our clients in whatever financial planning capacity they need. Our national network of licensed Mutual Fund Investment Specialists have earned approval from their provincial regulators and achieved in-house wealth proficiency training.

Growing advice-based solutions

Proportion of agencies that are actively selling mutual funds



Total wealth-related deposits (retail)

\$506.7 million

Feature story

Helping Canadians prepare their financial futures

A 2022 Angus Reid research study commissioned by Co-operators found that 85% of financial professionals surveyed believed that a “culture of now” mindset was preventing most Canadians from prioritizing retirement planning, impeding their long-term financial security, and uncovering a need in the market.

To better understand the challenges and gaps and to focus opportunities to grow meaningful advice-based services, we conducted market research with Canadian financial industry professionals working in the banking, financial/wealth management or insurance sectors across Canada who advise clients on RRSPs and TFSAs.

Key findings of the survey

- 93% believed most clients haven't maximized their opportunities with RRSP planning, TFSAs, or other long-term planning solutions.
- 80% said when clients experience financial mishaps or losses they are overcome with doubt, which leads to indecision and in-action.
- 76% felt that for people in urban centres, home ownership is increasingly out of reach, so clients are looking for short term DIY investment strategies, hoping to use this as a replacement for their long-term security.
- 73% found a stigma of shame among those who have experienced financial losses.
- 57% said most people felt too shy to ask questions about how long-term solutions like RRSPs and TFSAs work.

These results illuminated gaps in financial literacy and hesitancy to plan for the long term. As inflation puts more stress on the finances of Canadians, and sharply rising interest rates raise the burden and pressures of those carrying debt, the importance of long-term financial security was underscored in 2022, an increasingly ill-met need we're well-positioned to address.

“Now more than ever, we're encouraging Canadians to connect with their financial representative and explore together how to create an investment plan that will fit their unique and individual needs.”

Jennifer Cook (pictured), Co-operators Financial Advisor and Mutual Fund Investment Specialist



Competitiveness: Commercial growth

Working together to support Canadian businesses

Through competitive products and customized solutions and advice, we can serve our business clients with insurance that meets their unique and varied needs. At the same time, we strategically partner with brokers, Third-Party Administrators and Managing General Agents (MGAs) who have established meaningful and positive relationships with businesses across Canada, offering specialized advice for a wide range of industries.

Expanding to better serve Canadian businesses

We see significant growth opportunity in becoming a leader in the small-to-medium sized commercial-property insurance market. Over our four-year strategic period, by the end of 2022, we secured 108,114 commercial policies through our Financial Advisor network, and grew our total premiums by over 68%, far exceeding our growth targets and increasing our presence in Canadian communities, and supporting a greater number of business clients.

Our broker partnerships serve a growing diversity of business clients

Through Sovereign Insurance, our subsidiary serving specialized and larger commercial clients, we employ a diversified distribution strategy that offers Canadian businesses more opportunity to protect themselves. Given the wide range of clients we serve, along with the diversity of products, services and solutions we offer, it's critical that we reach clients in the ways that work best for them. We understand that specialized businesses face unique challenges, and through the deep relationships we've built with independent brokers and MGAs, we leverage one another's strengths to develop compelling and relevant solutions that meet their clients' specific needs. Working in partnership with these brokers and MGAs, we strive to build deep, meaningful relationships that will help us grow and scale our respective businesses.



Business owners face different risks today than three years ago, and there is no one-size-fits-all solution. Our bespoke approach provides comprehensive advice to handle whatever risk comes their way.

Feature story

Charting forward in a year of volatility

High inflation, rising interest rates, and an increase in climate-related risks have put pressure on Canadians and created conditions of volatility we must navigate as a business. Ensuring we're effectively managing our risks, expenses and business practices to ensure continued strength and stability is critical to our long-term ability to meet the needs of the people we serve.

Inflation has impacted the lives and finances of Canadians, especially lower-income populations and those who are more vulnerable to economic shifts. From our investments, to our operations and employees, we've taken steps to ensure we can navigate these shifts while also ensuring we are adequately protecting the financial security of the people we serve, and building resilience to volatility along the way.

Investments

Financial markets have experienced volatility as a result of Bank of Canada rate action, resulting in a rise in interest rates. The rise in interest rates, coupled with the financial market uncertainty have put downward pressure on bond and equity valuations. This volatility has impacted our investment yields and overall financial results. Our strong capital position and prudent investment policy enables us to take a longer-term view on investments and withstand shorter term volatility like the negative investment performance we experienced in 2022 due to the decline in global markets.

Insurance

Because of the long-term nature of life insurance, our financial performance of this book of business is heavily impacted by interest rate movements. The strength of the investments we purchase are essential to paying claims in the future. On the property and casualty side, the cost of living, the price of goods and services, and the cost of repairs impact premium pricing, because they fundamentally change the value of the properties we insure. To ensure clients are adequately protected, Financial Advisors conduct regular policy reviews with clients, which provide opportunity to educate about the importance of insuring items to their current value, adjusted for inflation.

Our organization

Rising costs also impact our employees, with the rate of inflation far outpacing wages in Canada according to a 2022 study by Statistics Canada. We are pleased to provide a comprehensive package of rewards, including compensation, to our employees, and routinely review this against the external market to ensure we remain competitive and support our most valuable asset – our people. At the same time, to keep expenses down, we've implemented a cost optimization program, focused on building centers of expertise, outsourcing and leveraging third parties, continuing to find efficiencies through process automation, and stopping work where necessary to prioritize key areas that will drive us toward our strategic objectives.



Competitiveness: Profitability and growth

Our financial strength will secure the future for our clients

Our strong capital position ensures we can face the risks and impacts that we know will increase with continued uncertainty from climate change, financial volatility, and other complexities. By effectively managing our risks, expenses and business practices, we help secure the long-term stability required to meet the needs of the people we serve.



Key challenge

Constrained growth in our life insurance business

With a high degree of change impacting our Financial Advisor network coupled with the lingering effects of the pandemic, sales growth has been slow in our life insurance line of business. This is impacting the overall growth of Co-operators life and our expense ratios. To reach more Canadians and to better diversify our distribution channels, we are executing on a Third-Party Distribution strategy across multiple lines of business. The product and service improvements we make will benefit all our channels, and the resulting growth will improve our competitiveness and profitability.

At the outset of our 2019 to 2022 corporate strategy, we had a goal to sharpen the profitability of our core business lines and improve our efficiency and expense ratios to navigate the volatility we saw on the horizon. Today, we've largely achieved that goal, emerging with a stronger financial position and an enterprise positioned to face the future with confidence.

The two biggest challenges with expense management have been the current high inflationary environment and the acceleration of our strategic spend. Inflation has put an enormous amount of upward pressure on our salaries and benefits—our most significant expense - and we have had to balance the prioritization and progress towards our strategic goals with overall profitability, while ensuring we continue to reward, incentivize and retain the talent in our workforce. Through various expense management initiatives, we have been able to deliver on our strategic goals while also keeping our general expenses in line with overall expectations.

“Our strong financial position gives our members and policyholders peace of mind that we will be able to deliver on our purpose to provide financial security for Canadians – whether at a time of an insurance loss or upon a major life event. Our position also enables us to re-invest back into our communities and invest in initiatives that better the planet.”

Lesley Christodoulou, Vice President, Corporate Finance Services



Workforce Capability

Our people make our co-operative thrive, and we're focused on prioritizing their health, well-being, and personal and professional development. Taking care of our people means cultivating the ideas that strengthen our co-operative and keep us moving forward.

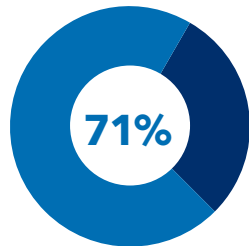
Workforce Capability: Employee engagement

An engaged workforce is paramount to our shared success

In times of significant transformation, it's especially important to take care of our people and equip them with the resources and support they need to navigate change, not just as employees but as valued members of our society.

Given the shifting nature of work brought about by the pandemic—furthered by ongoing mental, emotional and economic pressures from complex issues in the world around us—people across industries have faced challenges in staying engaged. As part of the evolution we've undergone as an organization, employees have faced compounding internal and external challenges, which has resulted in decreased levels of engagement.

Overall Employee Engagement Score



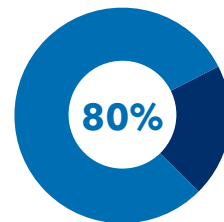
Each year, we strive to maintain an employee engagement score of 80% or higher. In 2022, we fell short of this target.

What employees told us in 2022

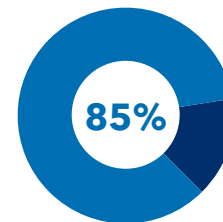
Employees were highly engaged when it came to diversity and inclusion, manager support, and levels of collaboration throughout the organization. Areas for improvement include employee perceptions of our ability to attract, retain and promote top talent, rewards and recognition, and the degree to which we're enabling the infrastructure required to effectively perform work tasks.

2022 survey dimensions that scored highest

Diversity and inclusion

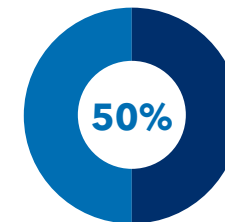


Manager support

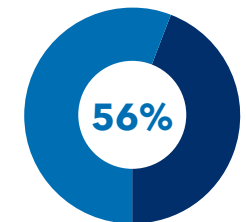


2022 survey dimensions that scored lowest

Talent and staffing



Rewards and recognition



How we're taking action to improve

To ensure that we can attract, develop and retain talented people, we're updating our Rewards and Compensation model, improving our Performance Management Program, and better defining and prioritizing initiatives to manage the changes laid out in our transformation.

Financial Advisor Engagement

Challenges through transformation

As independently owned and operated businesses, our Financial Advisor agencies have been challenged throughout the pandemic. At the same time, they have undergone significant business transformation to deliver on the objectives of our four-year strategy. A newly launched Advisor Engagement Survey shed light on the challenges and pain points facing our advisors during this time of change. With an overall engagement score of 43%*, we acknowledge the difficulty and we are dedicated to doing better.

Advisors identified key pain points around our digital transformation, revealing a need for supporting technology and systems that will drive success. Improving client-facing services, such as our call centres, and freeing up capacity will enable them to focus on providing advice and fulfilling their clients' needs.

**This was a strategic-performance indicator in prior years. Because the survey methodology was updated in 2022, however, we made the decision not to compare to previous scores and will use it as a baseline going forward.*

Taking action to improve

Advisor mental health program

This program aims to enhance and strengthen resiliency and mental well-being of advisors and their staff. The goal is to motivate, inspire and develop behaviours and skills that create conditions for overall well-being and good mental health.

Client Relations Team

We developed a team to support Financial Advisors with the management of client complaints. Advisors can escalate complaints through the National Complaints Database and clients can email or call the team directly. This will free up capacity and allow advisors to focus on providing advice and solutions, while building positive client experiences.

The workplace can be an enriching environment

By supporting the health, well-being and continuous education of our people, we lay the foundation of high-performance. Through lifelong learning, benefits, pension, disability resources, and wellness and recognition programs, we invest in our people. A key aspect of this is our mental-health support, which provides employees up to \$5,000 per beneficiary per year toward mental-health practitioners, and on-demand employee assistance programs for everyday life and in times of crisis. They also have virtual fitness sessions, \$750 (per employee) in personal—and health-care spending accounts, and more.

Supporting lifelong learning

We prioritize learning and development, ensuring that employees have opportunities to expand their capacity and broaden their perspectives.

Average investment in employee training and development

\$897

We're part of something bigger

It's important to feel connected to a greater sense of purpose at work, beyond completing day-to-day tasks. We spoke with people across the organization on what it means to be part of Co-operators.



Dwight Bennett,
Financial Advisor

"This organization makes it easy to go the extra mile for our clients."



Vijeta Manhas,
Claims Response Centre

"Working in claims in any company can be challenging, but we have great supports that help make my job easier."



Patrick Decarie,
Client Engagement

"All decisions are made for the benefit of our communities and to meet our clients' needs, which aligns with my personal values and makes me proud to work here."

Workforce Capability: Employee turnover and retention

Our people keep us moving forward

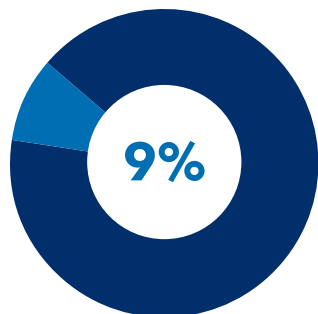
Across industries, employees are leaving their places of work in search of new opportunities, new careers, and greater work-life balance. With retention rates falling and competition for top talent increasing – a cultural shift referred to as “the great resignation” – how we incentivize and retain our talent will be critical to the continued fulfilment of our purpose.

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

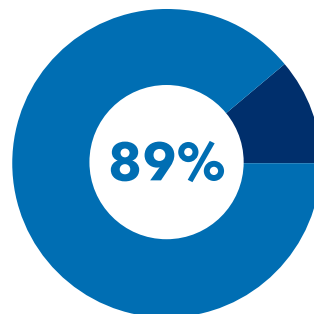
Retaining and attracting top talent amid increasing turnover trends

Over the last two years, voluntary employee turnover has seen an increase, from 4.3% in 2020 to 8.0% in 2021 to 9.1% in 2022. This reflects a trend seen across our industry. To fill new and vacant roles, we have been able to source and hire both internal and external talent. In 2022, we welcomed 1,153 new employees across our organization.

Employee voluntary turnover rate



Employee retention rate



Incentivizing employees in a competitive job market

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

Workforce salaries

\$562.3 million

Workforce benefits

\$111.6 million

Workforce incentive programs

\$85.2 million

CEO-to-average worker pay ratio (2021)

20:1

Benchmark: 243:1*

*Based on the salaries of the 100 highest-paid CEOs in Canada (Source: “Breakfast of Champions” Canadian Centre for Policy Alternatives, 2023).



Feature story

A high-performing co-operative embraces an imaginative future

The future of work is being shaped by the actions, behaviours and innovations occurring in our workplaces. We're embracing a vision of what's possible, where traditional ways of working have been reimaged and reframed to ensure that our organization and the individuals who bring our strategy to life are supported in doing their best work.

We're driven to be a high-performance co-operative, and our work environments are key enablers of this. Today, we embrace multiple work models (office-based, hybrid and remote) to ensure that where we work aligns with the nature of the work we do. Our strategy requires integration and orchestration across portfolios, leaders and employees. We believe that human connection and collaboration are imperative, whether employees are working in the office or remotely, and that an environment of trust, collaboration and development will support this. We also believe that a combination of highly effective virtual working and a regular cadence of face-to-face connection and collaboration is optimal for our business.

"Our workplaces will continue to be where our culture can thrive, where we socialize and develop connections, and where learning, innovation and creativity is sparked."

Laura Mably (pictured), Chief Human Resources Officer



Workforce Capability: Return to office

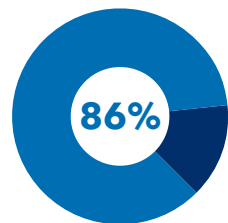
A flexible transition back to in-person work

Throughout the pandemic, we prioritized the well-being of our clients, members, employees and communities, maintaining the highest standards of health and safety. We reopened our doors to all employees beginning in May 2022, following our initially phased approach.

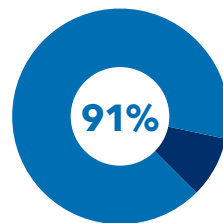
As we returned to in-person work, Co-operators embraced a hybrid model. We welcomed many employees back to the office for part of their work week, while continuing to enable the flexibility of remote and virtual work. To ensure that we were meeting the needs of our people during this time of transition, we surveyed all employees on how the return-to-office process was carried out.

Return to Office survey results

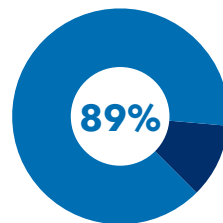
Overall satisfaction



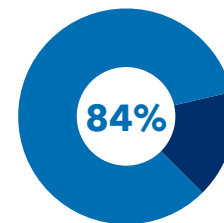
Health and safety office readiness



Change and communication



Readiness of infrastructure and technology



Ensuring in-office health and safety for our people

Our WELL Building Health & Safety rating at our key corporate locations, demonstrates our commitment to healthy and safe workplaces for our people – an essential quality that was underscored by the pandemic. The rating is an evidence-based, third-party verification for new and existing buildings designed to empower teams to prioritize the health and safety of staff and visitors. The certification process required us to document proof of how we manage our facilities in the following areas:

- Cleaning and Sanitization
- Emergency Preparedness Programs
- Health Service Resources
- Air and Water Quality Management
- Stakeholder Engagement and Communication
- Innovation

Corporate locations achieving this rating certification include our offices in Guelph, Burlington, Mississauga, Regina, Moncton and Calgary.

Workforce Capability: Where we work

The future of work is evolving. Our offices are built to adapt.

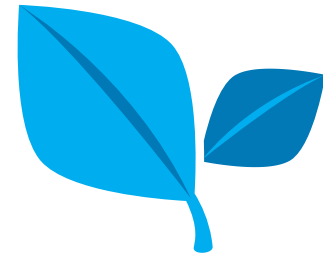
With workspaces that suit different tasks and styles of working, and an environment that promotes collaborative activity and connection between employees working in office and virtually, we're embracing the workplace of the future.

Unveiling an award-winning workplace

In 2022, we unveiled a new corporate office in Regina, Saskatchewan, which was awarded two industry awards for interior design and workplace excellence. The design of our new workplace showcases how our culture is connected to our long-standing co-operative values, commitment to sustainability and a reflection of our history. It prioritizes employee wellbeing with dedicated wellness rooms to support prayer, meditation or quiet time, an abundance of natural light, and wood and living plants, that create a visually harmonious space, while also improving indoor air quality.

Reducing the environmental impact of our workplace

We wrapped up our first full year of engagement with partner-led waste-diversion program DIVERT. This program supports our efforts to sustainably decommission assets such as furniture, technology, and construction materials that are no longer required, by directing them to the circular economy. To date, we have completed 15 projects through the DIVERT program, which resells second-hand furniture, donates to community organizations, and breaks down larger assets into parts and pieces that can be repurposed or recycled.



123.54 tonnes

of waste product diverted and

363.2 tonnes

of CO2 avoided

Feature story

Breaking new ground for a sustainable future

In 2022, we began construction of our new corporate headquarters in Guelph, Ontario. The 226,000-square-foot, state-of-the-art building is designed to reflect our commitment to sustainability and the well-being of the employees who will work there, beginning in 2024.

With construction well-underway in 2022, Co-operators new head office in Guelph, ON earned a Zero Carbon Design certification from the Canada Green Building Council.

This building is also on track to be triple-certified to the LEED Gold, WELL Platinum and Zero Carbon Design standards. Targeting this impressive trio of achievements signifies that the building is designed to reduce carbon emissions, save water, conserve energy, reduce waste and improve employees' quality of life by providing optimal conditions for health, comfort and productivity—through improved indoor air quality and natural light.

As an important indicator of our commitment to a net-zero future, our new headquarters not only reflects what is possible in terms of reducing our operational impact, but it sends a strong signal to the community and industry that it's possible to build with a better future in mind.

“Our workplaces align with our co-operative values and commitment to fostering the health and well-being of our employees and the environment on which we depend.”

Shawn Fitzgerald, Vice President, Workplace Services

Pictured: Regina corporate office. See page 72



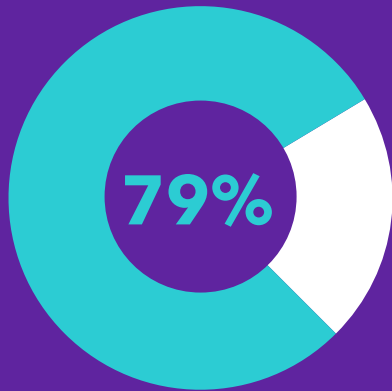
SDG 7: Affordable and clean energy |
Target 7.3 - improve energy efficiency

Workforce Capability: Inclusion, diversity, equity and accessibility

A strategy for inclusion, diversity, equity and accessibility (IDEA)

As a foundation for our workplace culture, IDEA drives success in business and society. Our IDEA Strategy is designed to embed this in everything we do as an organization, and we are committed to actively embracing the depth, perspectives and talent of our people.

2022 IDEA Index overall score



IDEA Index: Understanding barriers, strengths and opportunities

Diversity questions are included in the annual Employee Engagement Survey so we can understand employee experiences and feelings of engagement in relation to diversity, equity and inclusion.

For the most part, our overall IDEA index score was consistent across all identities, with three exceptions: non-binary employees, queer employees, and employees with disabilities. Non-binary employees reported below the company score but indicated significant improvement in the perceived value placed on diversity by our co-operative. Queer-identifying employees and employees with disabilities reported below company score in relation to perceived validation of thoughts and ideas at work, and Indigenous employees scored the highest in this category.

Global Diversity, Equity and Inclusion Benchmark (GDEIB) Audit

The GDEIB is the global best practice for diversity, equity and inclusion, and we aspire to be a best-practice organization over time. Our next four-year goal is to achieve the Progressive level on this benchmark. Each year, we conduct an enterprise-wide audit to see how we measure against the benchmarks, tracking progress on our IDEA strategy. We've consistently met our targets of increasing our GDEIB scores and, in 2022, we reached an overall baseline of 3.79, an increase from 3.29 in 2021.

IDEA defined

Inclusion

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

Diversity

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

Equity

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

Accessibility

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



IDEA training, education and support

We launched mandatory Unconscious Bias training for leaders to help identify bias and its impact on behaviors, decisions, and performance. We achieved 100% leader completion for this training. We also launched a mandatory IDEA Foundation course for employees to increase knowledge and awareness of foundational concepts such as how to embrace inclusion, impacts of discrimination on mental health, and understanding unconscious bias. 95% of employees completed this course.

We also launched Employee Resource Groups, which are voluntary, employee-led groups that foster an inclusive and equitable workplace and give a voice to historically marginalized or underrepresented groups. They support a culture of inclusion and psychological safety for employees through education, networking and their influence on policies and programs. By the end of 2022, five Employee Resource Groups had taken shape, focused on supporting women in Claims, IT and Enterprise Operations, working parents, and the LGBTQ+ community.



Key challenge

Gender representation in senior leadership

Currently, 62% of our workforce identify as women, yet only 38% of our senior leaders (vice-president and above) identify as women. On the CEO's management team, 36% of executive vice-presidents identify as women. While we met our four-year target of 35% women in senior leadership roles, we continue to focus on moving toward gender parity at all levels of the organization. We have achieved parity with our succession talent pool, ensuring that we are developing a gender diverse talent pipeline.



Learning for Truth and Reconciliation

On National Day for Truth and Reconciliation (NDTR), over 950 employees from across our group of companies participated in learning sessions. These sessions were led by reconciliation consultant Tanya Tourangeau, who is a member of the Dene Nation from Northwest Territories; and the vice-president of Indigenous Relations with Calgary Foundation, Tim Fox (Natoyi'sokasiim), who is a member of the Blackfoot confederacy from the Blood (Kainai) reserve. These sessions explored principles of decolonization and reconciliation, while sharing how Indigenous values align to our core values, and how we can move forward with our personal and corporate journeys of reconciliation.

To support employees in Truth and Reconciliation, we launched a Reconciliation Community of Practice on our corporate intranet site, where employees can engage in dialogue, ask questions and learn from one another's experiences—for the purposes of extending and applying their learning to advance Truth and Reconciliation in their personal and professional lives.



Embedding IDEA into recruitment and succession-planning

We have initiated more equitable and more objective recruitment intake processes, succession planning, competencies and performance-rating practices to help mitigate potential biases in our HR processes. To ensure that our talent development pipeline is aligned with IDEA principles, we launched a "Mitigating Bias in Succession Planning" workshop for senior leaders. To attract and retain a greater diversity of talent, we've placed intentional focus on ensuring a diverse candidate pool for all senior leadership searches and have defined clear IDEA measures of success throughout the hiring process for all employees. We are also capturing IDEA-related data through exit surveys, which can provide deeper insight into potential gaps and barriers that exist in our organization.

Feature story: Truth and Reconciliation

Embedding Truth and Reconciliation into our co-operative

We're committed to embedding principles of Truth and Reconciliation into our work culture, business strategy, governance and community partnerships. We have much more to do as we reflect, learn from, and connect with the history and current lived experiences of Indigenous people within our co-operative and our communities.

In partnership with reconciliation consultant and member of the Dene Nation Tanya Tourangeau (pictured), we're co-creating an enterprise-wide Reconciliation Strategy. In 2022, our efforts focused on education and community-building via Reconciliation Knowledge Sharing with employees, and monthly Indigenous Cultural Learning sessions led by Elders, Knowledge Keepers and Indigenous community members. We spoke with Tanya about the importance of embedding Truth and Reconciliation into our organization, and the challenges, opportunities and inspiration that arise along the way.

How can companies best embed Truth and Reconciliation into their business?

Tanya Tourangeau: I like the term "embed", it reminds me of the word "ubiquitous", meaning to be present everywhere. Truth and Reconciliation can become ubiquitous in a company's business plan, strategies, policies, and work culture, and this all starts with answering TRC's Call to Action #92 – Business Reconciliation.

What are the significant barriers that businesses need to overcome in this work?

People need to be willing to unlearn false historic narratives about Indigenous people and be open to learn about our truths, strengths, and visions for the future.

Where are the greatest opportunities?

The biggest opportunities lie in the partnerships we develop. They are win-win opportunities that increase a business's ability to be competitive in a struggling economy. Indigenous people, communities, organizations, governments and corporations want to build meaningful partnerships with our neighbours, allies and non-Indigenous businesses, and this really speaks to the Reconciliation work that needs to happen in our society.

What inspires you most about this work?

I am inspired by the impact that effective, meaningful Reconciliation can have for all of Canada and the next seven generations; and Co-operators' purpose, vision, values, and work culture further inspires me to ensure that our co-created Reconciliation Strategy is effective, meaningful and just the beginning of great opportunities and amazing partnerships to come.



Workforce Capability: Inclusion, diversity, equity and accessibility

Deepening our approach to identify systemic barriers to inclusion

We analyze the demographics and composition of our total workforce, to better understand the composition of the people we employ and identify the opportunities we have in terms of equitable representation. We have further to go to ensure we are capturing the breadth and depth of self-reported data from employees that will help us measure our IDEA progress and track representation in the organization.

As part of our commitment to IDEA, we launched a voluntary self-identification (Self-ID) survey in late 2022 to collect data from employees that will enable a deeper understanding of our workforce. Self-ID is an important way for us to measure equity in the organization, and one way we've asked employees for their participation in helping us build a more inclusive Co-operators group of companies. We are continuing to build on this initiative in 2023 as an opportunity for us to grow in our ability to identify and take action on systemic barriers for equity-deserving groups.



Create the Future

With change, comes opportunity. We can create a future that is more sustainable, equitable and resilient. By innovating, adapting, and expanding ways of thinking about our business we're creating products and services that meet the needs of the people we serve.

Create the Future: Emerging business models

Leading edge solutions designed for the future of partnerships

Through Duuo, we've created an innovative insurance engine that works to meet the emerging needs of Canadians participating in the digital economy. The next chapter of Duuo will see us expanding our technology to offer embedded solutions to partners looking to provide their clients with a seamless insurance experience.

At Duuo we strive for a mix of innovation and simplicity with a goal to make purchasing insurance easy, accessible, and intuitive. Duuo has become the trusted insurance partner to over 100 Canadian businesses, earning a partner satisfaction score of 94%. Through these efforts, we've successfully met our growth goals, attained a Net Promoter Score of 79, and received a Google rating of 4.8 out of five.

Duuo products



Event insurance

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



Vendor insurance

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



Tenant insurance

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



Small Business Insurance

Subscription-style insurance designed to provide self-employed Canadians with commercial general liability coverage for business operations.

Feature story

A partnership for embedded tenant insurance

In 2022 we partnered with Tenantcube to launch an embedded integration that allows users to purchase tenant insurance within the property management software's platform.

Working through the Tenantcube platform, this new seamless purchase experience is a significant step forward in the digital insurance space, allowing Canadians to purchase affordable insurance coverage through their preferred platform in one continuous flow. Through the integration, tenants can get a quote and purchase Duuo tenant insurance in just a few clicks.

“When we originally partnered with Duuo, we were excited about the extensive coverage they could offer our tenants at an affordable rate. With the addition of the embedded purchase flow, tenants don’t have to navigate off our platform to get coverage, and landlords and property managers can get all required rental information, including proof of coverage in one easy communication.”

Andrew Moses, CEO and founder of Tenantcube



Feature story

Risk modelling for resilience

Geosapiens is a Canadian company specializing in flood risk modelling and analysis. Working in partnership, our initial investment enabled Geosapiens to deploy its highly-detailed flood mapping model across Canada in 2022.

As climate-related risks increase in frequency and severity, it's crucial that we focus on building more climate-resilient communities. Our investment in Geosapiens will create collaborative opportunities to better prepare and inform Canadians of flood dangers and mitigate extreme flood events for those most at risk.

Geosapiens markets web-based products and services that provide dynamic and predictive flood mapping and an assessment of flood impacts on property and people. Geosapiens' products also include financial modelling of flood risk at the building level. Its ultimate goal is to increase society's resilience to risk, particularly in the context of climate change. It wishes to provide the public as well as public and private organizations with reliable and intuitive decision support tools, enabling them to better understand, prevent, and manage these risks. To achieve its vision, Geosapiens relies on a team of experts with many years of experience in risk modelling and a network of private and academic partners.

New Corporate Venture Capital Fund partners in 2022

Alate partners

This “fund of funds” invests in emerging property technology and diverse teams with the potential to be disruptive and transformative to a fast-evolving real-estate industry. Alate gives us a unique perspective on the intersection of property ownership and financial services.

Geosapiens

Geosapiens specializes in flood risk modelling and analysis. Our investment creates collaborative opportunities for us to better prepare and inform Canadians of flood dangers and mitigate extreme flood events for those most at risk.

Responsive AI

This Canadian financial technology company has a mission to help institutions scale better financial advice. Our entire advisor network leverages the productivity tools built by Responsive AI, helping our clients grow their wealth and realize financial security.

R-LABS

This venture builder is focused on solving big problems in the real estate and housing industry to enhance the resiliency of Canadians. This partnership provides us the ability to directly contribute to solving those problems as their strategic insurance partner.

Vive Crop Protection

This company creates new possibilities in the field of agriculture through the development of products and technologies that increase agricultural grower return on investment, efficiency and sustainability.

A full list of our CVC Fund partners is available online at cooperators.ca.

Create the Future: Investing in the future

Investing in companies and solutions to create the future

Our Corporate Venture Capital Fund facilitates innovative partnerships that can develop solutions to challenges we face as an organization and a society.

We leverage our capital to support start-ups on the leading edge

The Co-operators Corporate Venture Capital (CVC) fund reflects our continued commitment to addressing the unmet insurance and financial services needs of Canadians and their communities taking part in a fast-paced and ever-changing digital economy. Our CVC fund has a mission to affect positive change in three key areas: underserved financial needs, community resilience, and emerging technology.

“By seeding investments and building partnerships in promising sectors, we strengthen our business and catalyze a sustainable and resilient society. This fund helps bring products, services, and partnerships to life that mitigate risks, prevent losses, and build our collective resilience.”

Daniel Sinclair (pictured),
Vice President, Corporate
Development & Head,
Co-operators Corporate
Venture Fund



Feature interview

Removing barriers to financial protection through embedded insurance

Ryan Spinner, Vice President of Emerging Business Models (EBM) and Hashmat Rohian, Vice President of EBM Technology are innovating for a future where insurance is where you need it, when you need it. In this future, the process of receiving coverage will become so seamless that it won't require a second thought. Through technological innovations and new partnerships, we're expanding into the space of embedded insurance to support the financial security of our clients. We asked Ryan and Hashmat what inspires them about the future of insurance.

Hashmat: By integrating insurance coverage into everyday products and services and leveraging advanced technology, data analytics and digital ecosystems to personalize that coverage, embedded insurance is making financial advice and security more convenient, relevant, and proactive.

Ryan: Consumers are warming to the idea of increased convenience and simplicity through embedded insurance, and we know embedded insurance allows for customized offerings that fit our clients' personal needs without the hassle of shopping around for the best deals. The future of insurance is all consolidated at the moment of truth on the customer's buying experience.

“We can enable our communities and consumers to access personalized insurance and advice right where they are, in their moment of need.”

Hashmat Rohian (pictured right, page 85), Vice President, Emerging Business Models Technology



“Our industry is on the verge of a digital change: a focus on simplifying the customer experience.”

Ryan Spinner (pictured left), Vice President, Emerging Business Models



Our Governance

As a purpose-driven co-operative, we aim to meet the current and future needs of our members, clients and communities. How we're governed guides our purpose and reinforces our co-operative identity, reflecting the values of a vibrant co-operative movement.

Governance: Structure and processes

We're democratically governed

Our member delegates and Board of Directors bring diverse insights, perspectives, skills and knowledge to our governance tables. To ensure our ongoing success and relevance in the future, we continuously work to improve our governance structure, processes and practices.

A new board committee structure to drive effectiveness

Adapted to reflect changes to regulatory requirements, leading practices, and our operating environment, our new committee structure leverages governance strengths, improves efficiency and effectiveness, and reflects the evolution of our co-operative organization. For more on our new board committee structure and for descriptions of the committees, see page 91.

Succession planning to sustain good governance

There has been an ongoing focus on enhancing board succession planning practices, under the guidance of the Governance and Co-operative Identity Committee. The committee has continued to consider new and enhanced tactics that are inclusive of the holistic governance pipeline (including delegates, existing and new directors, and current and future board and committee chairpersons). The committee and board will continue to advance its approach to board succession planning in 2023.

Increasing risk oversight by our board

In recent years, increased complexity and interrelatedness of risks facing our organization have stemmed from our rapidly evolving operating environment. In 2022, our annual joint meeting of our Risk and Sustainability committees focused on ensuring our board was effectively overseeing the organization's management of climate-related risk. Beyond climate change, we also enhanced board oversight of cyber and technology risks, as emphasized in the mandate of our Risk Committee.

Adapting and evolving our governance operations

Our board and its committees resumed in-person meetings in 2022, following two years of virtual operations during the pandemic, enhancing opportunities for discussion and fostering a collegial, inclusive board culture. We've resumed governance activities that had been paused during the pandemic, including governance assessments, in-person participation in individual director and board training and development sessions, and in-person director attendance at member AGMs. At the same time, we applied learnings from the pandemic operating posture to adopt a more flexible and effective approach to our board and committee meetings.

About our co-operative governance



One member, one vote

We are governed by a democratic principle of one member, one vote. Our directors are independent from management and the operation of the business, and there is no link between director compensation and our organization's performance.

Board mandate:

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

More governance information, including director profiles and other governance disclosures, can be found online at cooperators.ca.

Feature story

Setting our strategic direction

Our Board of Directors worked alongside senior executives to develop our 2023 to 2026 corporate strategy, ensuring that it positions us for success amid issues and trends in the world around us; that it meets the evolving needs of our members, clients and communities; and that our strategy remains strongly aligned with our co-operative values.

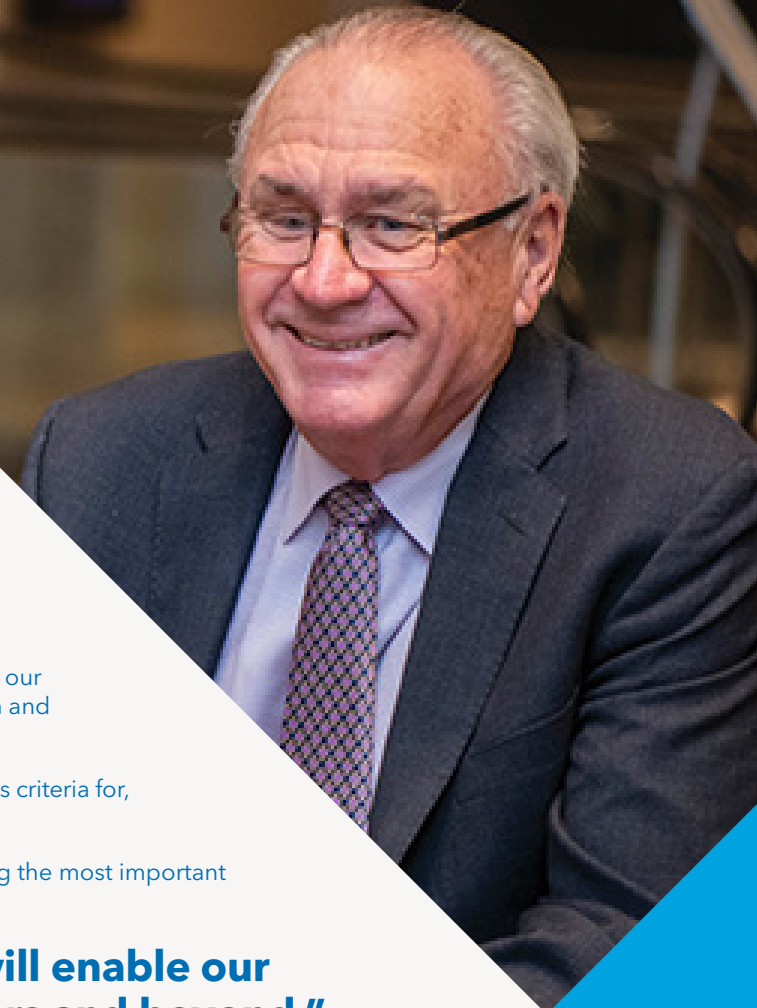
Our Board of Directors plays a critical role in setting the strategic direction of our co-operative, and ultimately, approving our four-year corporate strategy. As part of this work, our board engaged in a fulsome review of our purpose, vision and values, which were updated at the end of 2022. They also reflected on the progress, key accomplishments, and lessons learned from the current strategy; evaluated trends in the external operating environment, top organizational risks and key assumptions that underlie our upcoming strategy; and discussed foundational elements of Co-operators long-term success. The board examined key strategic priorities including our digital transformation, our distribution strategy, our ongoing evolution as a holistic financial services organization and stressed the increasing urgency to build community resiliency of Canadians in the face of rapid change.

Our board approved the final 2023 to 2026 strategic plan at the end of 2022. This included the supporting success criteria for, and approval of, the financial plan. For a preview of our upcoming corporate strategy, see page 97.

For board member Jim Laverick, working in collaboration to set the strategic direction of Co-operators is among the most important elements of the board's governance responsibilities.

“Our new strategic plan lays out a very clear roadmap that will enable our co-operative to deliver on its purpose over the next four years and beyond.”

Jim Laverick (pictured), Director, Co-operators Board of Directors



Spotlight on our governance

Find out more about our directors, delegates and governance highlights.



125

Delegates who nominate and elect our Board of Directors



22

Directors



Board composition

14

Men

8

Women

0

Non-binary

7

French speaking

2

Indigenous

1

Visible minorities

0

With a disability

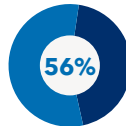


36%

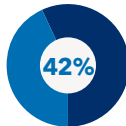
Women on the board

2021: 36% 2020: 32%
Target: 50% by the end of 2025

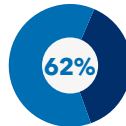
Women delegates in each region



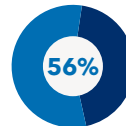
British Columbia



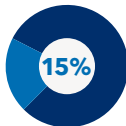
Alberta



Saskatchewan



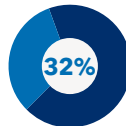
Manitoba



Ontario



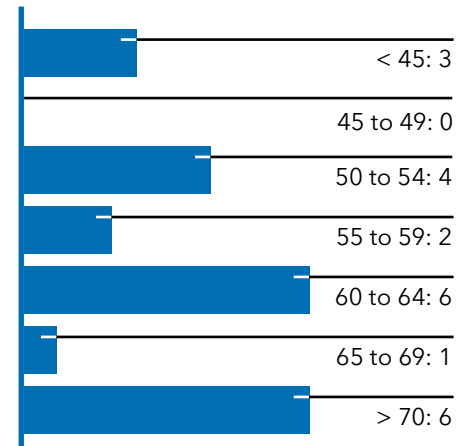
Quebec



Atlantic

Target: Achieve 50/50 gender balance within the delegate pool in each region

Director age ranges



673

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



18

Number of days directors spent in individual training and development



5

Number of directors with a professional designation

Governance: Board of Directors

Our board and its committees

Our board has six standing committees, each with their own mandate which sets out the role and responsibilities to guide their focus and work. [The complete board committee Terms of Reference can be found online in our Supplementary Disclosures.](#)

Board committees

Audit & Finance

Oversight of: quality and integrity of accounting, auditing, and financial reporting practices; effectiveness of internal controls; financial statement audits, including the engagement of the external auditor; reporting and determining financial reserves; the annual operating plan; and financial aspects of material business transaction proposals.

Compliance & Ethics

Oversight of: regulatory compliance including privacy, ethics and compliance culture; director, officer and employee compliance conduct; and regulator relationships.

Governance & Co-operative Identity

Oversight of: governance effectiveness and leading governance practices; advancing the co-operative identity through member relations and engagement; Co-operators leadership position in the co-operative sector; and citizenship programming.

Human Resources

Oversight of: executive compensation; people strategies and culture; pension plan management; board compensation; President and CEO performance management and compensation; and management succession plans.

Risk

Oversight of: the Enterprise Risk Management (ERM) Program, including risk identification, appetite, frameworks and policies, analysis and evaluation, monitoring and reporting, and program compliance; lending and investment programs; technology and cyber risks; business continuity planning; corporate insurance and reinsurance programs; earthquake risk management program; and risk aspects of material business transaction proposals. Annually, it examines the Company's capital needs in relation to its risk profile and recommends minimum internal capital ratios for the approval of the Board of Directors.

Sustainability

Oversight of: initiatives that foster a culture of and leading practices in environmental, social and governance (ESG) responsibility; the sustainability performance of our co-operative; emerging sustainability and climate-related issues, risks and opportunities; and policies, strategies and priorities that integrate sustainability across the organization. This committee is comprised of a member of each of the other committees to encourage sustainability integration into our governance.

Governance and climate-related risks

The board oversees the management of our climate-related risks and strategy. This is primarily executed through the Sustainability Committee and the Risk Committee. In addition to ongoing meetings – where committees individually assess progress toward our climate targets, while monitoring, managing and reviewing climate-related risks – the Sustainability and Risk committees gather annually for a joint meeting to review our status around climate-related risks and initiatives, including progress on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. [For more on our climate-related risks and our governance, access our TCFD report at cooperators.ca/reports.](#)

Governance: Inclusion, Diversity, Equity and Accessibility (IDEA)

Developing a strategy to further IDEA in governance

We recognize and value the benefits of having a diverse Board of Directors and consider diversity a key driver of our co-operative identity, competitive success and governance strength.



Key challenge

Bringing IDEA to life

It's crucial that we progress beyond the current diversity focus areas—namely, the representation of women and the diversity of director skills—within our governance, to ensure that we are driving a comprehensive approach to IDEA. IDEA in Governance includes the full complement of governance roles, from delegates to directors to board chairpersons. Our board has embarked on the creation of a formalized IDEA in Governance Strategy, which will be further developed in 2023.

In 2022, the board partnered with an external consultant to advance its progress on IDEA in Governance:

Education session on inclusive governance

Directors built self-awareness and awareness of others by identifying dimensions of multivariate diversity, including identity, education, experiences, and background, that shapes the lens through which they interact with others, solve problems and make decisions.

Approval of IDEA principles, guidelines and processes

The board approved Guiding Principles that will shape the future of this work, as well as a Safe Space Guideline, which encourages a boardroom environment of psychological safety that allows individuals to express their honest impressions, thoughts, opinions, feelings, attitudes, and unique experiences and perspectives.

IDEA in governance director focus groups

Focus groups gained insights that will inform the development of the IDEA in Governance Strategy by better understanding directors' lived experiences within our governance system to shed light on the current state of IDEA from the perspectives of the governance pipeline (delegates, directors, and board chairpersons).



“An inclusive co-operative board values diverse skills, experiences, voices and perspectives around its governance tables.”

Carmel Bellamy (pictured), Vice President, Chief Governance Officer and Corporate Secretary

Feature story

IDEA in governance

We spoke with one of the members of Co-operators Board of Directors Nicole Waldron on the importance of embedding IDEA into our governance structures, the challenges we face in this area, and the systemic barriers that must be dismantled as we move forward.

How do the principles and practices of IDEA enrich and enhance how an organization is governed?

Nicole Waldron (pictured): The concept of IDEA is a progressive move for any organization, especially at this juncture. For so long, many individuals and groups have been excluded from governance structures, and hence the rich diversity of voices that make up our society have not been included even though they represent the market being served. Principles and practices of IDEA are necessary for the advancement and positive growth of any organization. IDEA enhances not only the working environment, but also interactions with members, clients and communities. This will, in turn, also help to foster and develop healthier partnerships and alliances all around, especially in the co-operative movement.

What are the greatest challenges our co-operative must overcome to adequately incorporate IDEA into our governance?

I see some of the challenges as being the shift in perspectives. This shift will require everyone to reflect and acknowledge where and how their biases show up, both conscious and unconscious and the historical and societal parameters that shape our thoughts. Next, we must accept these truths and seek to transform them and act in ways that address all biases that negatively impact our perception of others and society. Often, we do not want to believe we have personal biases, especially unconscious ones. It is important to overcome this and to develop a desire to see the bigger picture of how society can evolve to be better if we are willing to change behaviour. We will then be open to see that for so long we have lived in systems designed to keep many people down, especially in the areas of gender, race and sexuality. The challenge is truth.

How can we work to dismantle systemic barriers to IDEA?

We have to continue on the journey to understand what the system is and what it has done, then continue to do the work to dismantle it. We have to be comfortable doing the uncomfortable work until we can live in a place where there is equity and individuals can be included in and around all tables. Where diverse voices will not just be listened to, they will be heard and respected. Oppression of others will no longer be tolerated as normal and that leaders and influencers will step up changes to create and foster change in their homes, workplaces and community spaces. We have to get to the point where we create opportunities for a broad range of citizens to access the board. We have to be the change that we need the world to be and see. We need to acknowledge that the current system is not broken, it is doing what it was created to do, therefore dismantlement must occur for a new system to manifest.

What is your vision for the future of IDEA in our governance at Co-operators?

My vision for inclusion, diversity, equity and accessibility is that, in essence, the idea of IDEA will be realized and will become the norm at Co-operators. It will be in how we see and treat each other in the workplace and how we communicate with our member organizations, clients and those around the board table. Co-operators will be an entity that will operate within an IDEA mindset.



Governance: Member organizations

Our members make us stronger

We are governed by co-operatives, credit union centrals and representative farm organizations that operate on a co-operative basis. Together, we deliver broad benefits to members and clients, enriching the social fabric of our communities.

British Columbia

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

Alberta

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

Saskatchewan

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

Manitoba

- Arctic Co-operatives Limited
- Bee Maid Honey Limited†
- Caisse Populaire Groupe Financier Ltée
- Credit Union Central of Manitoba Limited
- Keystone Agricultural Producers

Ontario

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

Quebec

- Exceldor†
- Fédération des coopératives d'alimentation du Québec (FCAQ)
- Fédération des coopératives du Nouveau-Québec (FCNQ)
- Fédération des coopératives funéraires du Québec (FCFQ)
- Fédération québécoise des coopératives de santé (FQCS)
- Fédération québécoise des coopératives en milieu scolaire/COOPSCO
- Sollio Cooperative Group
- william.coop

Atlantic

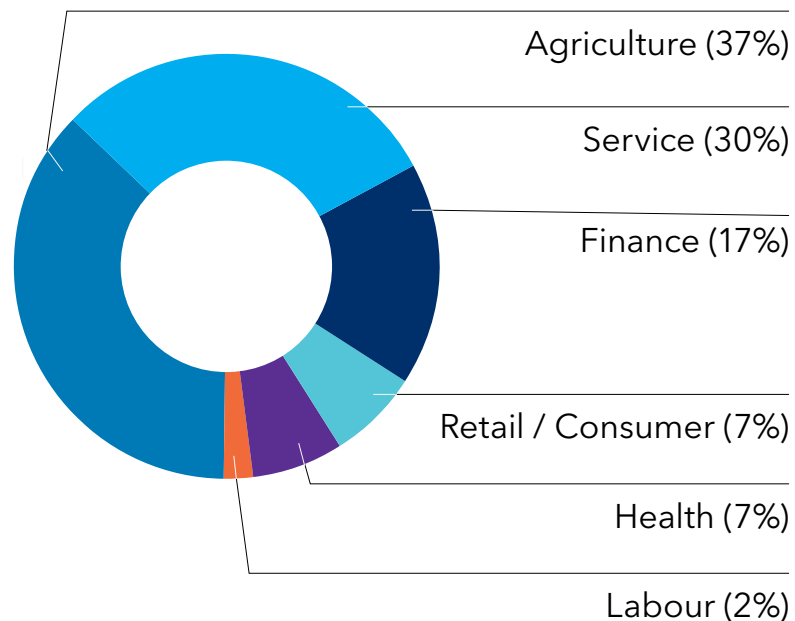
- Amalgamated Dairies Limited
- Atlantic Central
- Atlantic Retail Co-operatives Federation
- Canadian Worker Co-operative Federation†
- Newfoundland-Labrador Federation of Co-operatives
- Northumberland Cooperative Limited
- Scotian Gold Cooperative Limited
- UNI Coopération financière

†Multi-region

Spotlight on our members

Find out more about our member organizations and the sectors and regions they represent.

Member organization sectors represented



46

Member organizations



7

Regions represented
across Canada

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

“As a member, we have benefited tremendously while learning about the importance of interacting and doing business with like-minded member owned organizations. Everyone in the co-op community is inviting and always happy to help. We’re thrilled to have joined this co-op family.”

Guy Chartier, CEO of Bee Maid Honey Limited



On the Horizon

The success of our previous strategy has laid the groundwork for transformation.

We will provide the holistic financial advice Canadians need, meet clients where they want to be served, and continue to invest in a more resilient and sustainable future for our communities.

Our 2023 to 2026 corporate strategy

Growing from the past, branching out to the future

Four years ago, we knew significant change was coming to the insurance industry. Changes in personal transportation, including automation and self-driving vehicles, were on their way. Emerging and rapidly changing risks were widening protection gaps and increasing the need for uniquely tailored advice. Consumer needs, expectations, and behaviours were changing. All consumers were beginning to look holistically at their financial needs, and we needed to follow suit.

Today, facing the future, we will continue evolving to remain relevant and competitive, while guided by our purpose and values. Our 2023 to 2026 strategic dimensions are an intuitive evolution of the course we've charted to date, and we've refined our focus to reflect the foundational capabilities we need to fulfill our purpose.

Our strategic dimensions



Co-operative Identity

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



Client Engagement

We will be the leader in client experience and will be recognized as a provider of holistic financial services.



Profitability and Growth

We will be competitive and drive profitability and growth through operational excellence and focused execution.



Business Capabilities

We will enhance and build key capabilities to enable us to be successful today and into the future.



Workforce Capabilities

We will have a diverse and agile workforce whose skills, leadership capabilities, and motivation differentiate us in the market.

Touchstones of our future

We are positioned for success and have identified key elements of success that will keep our momentum up and strengthen our co-operative along the way.



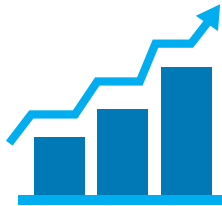
Digital, omni-channel client experience

We will empower clients to move seamlessly between meeting with a Financial Advisor, reaching out over the phone, or engaging in online channels—in whatever way suits them best.



Climate resilience

We will seize opportunities and evolve our products, services, partnerships and investments to help climate-proof our communities. At the same time, we will progress toward our net-zero targets and advocate for climate action in Canada.



Profitable and holistic growth

To excel in our purpose, we will grow the number of Canadians and communities we serve through our advice-based lines of business to meet the holistic financial needs of our clients.



Capacity

We will work to increase our efficiency and effectiveness and establish ways to prioritize work and collaborate more effectively.



Business models

We'll embrace new partnerships and alternative businesses to develop more integrated business models that have been adapted to deliver holistic financial services.



Capabilities

We will optimize processes and workforce capabilities to drive high-performance, stay competitive, deliver on our strategy, and fulfill our co-operative purpose.

“As a values-based and purpose-driven organization, we’re uniquely positioned to think long-term, and this allows us to do what’s right for our clients as we drive toward our vision for a resilient and sustainable society. I’m inspired by our purpose and strategy.”

Selena Edick (pictured), Vice President,
Enterprise Strategy





A detailed look at our disclosures

Learn how we've aligned our strategy to the United Nations Sustainable Development Goals and get an overview of our strategic performance over time. Get further details of our consolidated financial statements, investment portfolio ratings and capital tests. Finally, delve into how we assess and manage risks, and explore our integrated reporting process and report materiality.

United Nations Sustainable Development Goals

We've connected our strategy to global sustainability

In support of our vision to catalyze a resilient and sustainable society, we've endorsed all 17 of the United Nations Sustainable Development Goals (SDGs) and have aligned our 2030 Enterprise Long-term Goals to them.

In 2022, to ensure we are meaningfully and strategically aligning our organization to the SDGs, we developed a framework to help illustrate our impact as an insurer, an investor, a business and a co-operative. While we have endorsed all of the SDGs, we acknowledge that there are key goals and targets where our strategic focus can have a more relevant and significant impact.

Our SDG Framework

Co-operators role in society	SDG Contributions
Insurer: We offer risk transfer and management products and services and settle claims.	2, 3, 7, 8, 11, 12, 13
Investor: We invest our financial assets and are an active investment steward, advocating for the SDGs.	2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 17
Business: We manage our business operations and the procurement of goods and services.	3, 5, 7, 10, 12
Co-operative: We engage our member organizations, invest in the sustainability and resilience of our communities, and advocate for sustainable policies, economies, and legislation.	All SDGs

A global effort to measure the impact of insurance on the UN SDGs

Throughout 2022, we participated in pilot projects with the International Cooperative and Mutual Insurance Federation (ICMIF) and Swiss Re Institute to calibrate a tool that aims to measure insurance companies' impacts, both positive and negative, on the UN SDGs. These efforts culminated in the launch of the ICMIF-calibrated Insurance SDG Calculator at ICMIF's Centenary conference in Italy. ICMIF has since launched an effort to deploy the calculator to members wishing to participate in getting an iSDG score. The intention with this work is that the calculator become the ICMIF standard means of quantifying insurers' contribution to the world's global goals.

We've highlighted areas in our strategic performance where we have made a relevant impact or contribution towards the UN SDGs, as referenced throughout the pages of this report.

UN SDG	SDG target or indicator	2022 Highlight	More information	Strategic alignment
1: No poverty	1.2 reduce poverty	1.2 - \$900,000 was disbursed in 2022 through Co-operators Community Funds.	Page 41	Client Engagement/ Co-operative Identity
	1.4 equal access to financial services	1.4 - Our wealth products, services and advice are inclusive of lower-income Canadians.	Page 24	
	1.5 climate resilience of the poor/vulnerable	1.5 - Through the Canadian Working Group of the United Nations Environment Program Finance Initiative - Principles for Sustainable Insurance, we are exploring the impact of climate change on vulnerable populations.	Page 46	
2: Zero hunger	2.4 build sustainable and resilient food and agricultural systems	2.4 - We invested \$2.2 million of our impact investments in the theme of Food, Agriculture and Natural Resources.	Page 51	Co-operative Identity
3: Good health and well-being	3.4 mental health and well-being	3.4 - Through our social impact framework, we fund organizations that support mental health of youth aged 18 to 35.	Page 39	Co-operative Identity
4: Quality education	4.4 increase skills for employment	4.4 - Our pathways to Employability initiative provided over \$815,000 to support post-pandemic employability of young Canadians.	Page 40	Co-operative Identity
5: Gender equality	5.1 end discrimination	5.1 - 100% of leaders in our organization completed unconscious bias training in 2022.	Page 75	Workforce Capability
	5.5 equal opportunity for women in leadership (5.5.2: The proportion of women in managerial positions)	5.5 - 38% of our senior leaders (vice-president and above) identify as women.	Page 75	
6: Clean water and sanitation	6.6 protect/restore water-related ecosystems	6.6 - Through Co-operators Community Funds we support WaterFirst, an organization improving water quality in Indigenous Communities in Northern Ontario.		Co-operative Identity
7: Affordable and clean energy	7.2 increase renewable energy share	7.2 - Impact investments supported projects that generated 86.5 million MWh of renewable energy.*	Page 51	Co-operative Identity
	7.3 improve energy efficiency	7.3 - Our new corporate headquarters earned Zero Carbon Design certification in 2022 and is designed to conserve energy, and reduce carbon emissions and environmental impact.	Page 73	

UN SDG	SDG target or indicator	2022 Highlight	More information	Strategic alignment
8: Decent work and economic growth	8.4 improve resource efficiency	8.4 - We are diverting waste and promoting the circular economy in claims through the Zero Waste Economic Transformation Lab.	Page 39	Client Engagement / Co-operative Identity / Workforce Capability
	8.6 reduce youth unemployment	8.6 - Our Pathways to Employability initiative aims to reduce youth unemployment (see 4.4).	Page 41	
	8.10 access to financial services for all	8.10 - Our wealth products and services increase access to financial services (see 1.4).	Page 24	
9: Industry, innovation and infrastructure	9.1 develop resilient infrastructure	9.1 - Our resilience investing project aims to fund climate-resilient infrastructure in communities across Canada.	Page 47	Co-operative Identity
	9.4 more low-carbon and resource-efficient infrastructure and industry	9.4 - We were responsible for 20,532 tonnes CO ₂ e emissions in 2022, which were neutralized through offsets.	Page 45	
	9.4.1 CO ₂ emission per unit of value added	9.4.1 - Our energy consumption relative to total income (energy intensity) was 23 gigajoules / \$1 million in 2022.	Page 44	
10: Reduced inequalities	10.1 income growth for bottom 40%	10.1 - We are a living wage employer, and offer a competitive compensation package that, in most cases, far exceeds the living wage.	Page 69	Co-operative Identity / Workforce Capability
	10.2 inclusion for all	10.2 - Through our social impact framework we fund GOOD TO BE GOOD, a non-profit offering training, supports and resources to women and gender-diverse individuals from priority communities.	Page 40	
11: Sustainable cities and communities	11.1 access to affordable housing	11.1 and 11.2 - Impact investments supported projects and initiatives that were responsible for 1,040 units of non-profit seniors housing, in addition to green bonds that fund sustainable transportation in our communities.*	Page 51	Co-operative Identity / Client Engagement
	11.2 access to sustainable transport systems	11.5 - Our Comprehensive Water insurance product is Canada's only flood product to provide coverage for all overland flood risk levels, including storm surge.	Page 26	
	11.5 reduce losses from disasters			
	11.b communities adopt policies/plans for inclusion, resource efficiency, and climate resilience	11.b - Our partnership with ICLEI Canada and the Federation of Canadian Municipalities aims to increase capacity to build climate-resilient infrastructure.	Page 47	

UN SDG	SDG target or indicator	2022 Highlight	More information	Strategic alignment
12: Responsible consumption and production	12.5 reduce waste generation	12.5 - Claims solutions and partnerships promote the circular economy and reduce waste from the claims process.	Page 30	Client Engagement / Co-operative Identity
	12.6 corporate adoption of sustainable practices	12.6 - Addenda Capital advocates for and supports companies in adopting ESG principles and reaching net zero targets.	Page 49	
	12.8 educate public on sustainable lifestyles	12.8 - Our external website includes a Resource Centre educating Canadians on how to live sustainable, resilient lifestyles.		
13: Climate action	13.1 build climate resilience	13.1 - We contributed to the development of Canada's National Adaptation Strategy through an advisory table, cross-sector coalitions, a comprehensive submission of our recommendations, and 1:1 meetings.	Page 46	Co-operative Identity / Client Engagement
	13.2 integrate climate into national policies/plans	13.2 - Our advocacy efforts are geared toward integrating climate solutions and action into Canada's economy and policies.	Page 46	
	13.3 awareness raising on climate change mitigation, adaptation, impact reduction and early warning	13.3 - We sent 302,043 Weather Alerts to clients to help them prepare and protect their property in advance of extreme weather events.	Page 32	
14: Life below water	14.2 build resilience and restore coastal ecosystems	14.2 - Through our resilience investing project, we will explore climate-resilient infrastructure that include nature-based solutions in coastal areas.	Page 47	Co-operative Identity
15: Life on land	15.1 conserve, restore and sustainably use ecosystems and their services	15.1 - Through our resilience investing project, we will seek climate-resilient infrastructure opportunities that protect and sustainably use ecosystems and their services.	Page 47	Co-operative Identity
16: Peace, justice and strong institutions	16.7 ensure responsive, inclusive, participatory, and representative decision-making	16.7 - We launched a process to develop a Reconciliation Strategy in 2022.	Page 76	Workforce Capability
17: Partnerships for the goals	17.17 multi-stakeholder partnerships	17.17 - Through our advocacy work and community investments, we build multi-stakeholder, cross-sector partnerships that can build imaginative solutions to pressing environmental, social and financial challenges.	Page 46	Co-operative Identity

**The impact does not result solely from our investments, but depicts the total impact achieved by the projects and initiatives in which we invest. Because of reporting periods, this value is for fiscal 2021.*

Our 2022 strategic performance

1. Client Engagement

	Target	2022	2021	2020	2019	Status*	Discussion
Percentage of households that have signed up for Online Services	40% by the end of 2022	52%	47%	43%	25%	Exceeded	The pandemic accelerated the adoption rate of Online Services (OLS), which drove us to surpass our initial 2022 target in 2020. Our increase in 2022 represents continued efforts to improve the digital experience for our clients.
Number of Home and Auto transactions completed online	N/A	446,802	389,851	478,176	368,954		The increase in volume of online transactions is indicative of the success of our National Quote and Buy (NQB) initiative since the launch on August 3, 2022.
Total Client Households¹ insured	N/A	950,174	946,585	948,844	950,873		Our home and auto lines of business grew significantly in 2022, due in large part to the home and auto growth initiative that reenergized focus on these lines of business, as well as continued growth in commercial. Stronger retention also further drove growth.
Pollara Annual Study Ranking	Achieve a ranking of third or above for both Home and Auto	Auto: Tied for first Home: First	Auto: Tied for first Home: First	Auto: Second Home: Second	N/A	Achieved	Pollara's annual study surveyed home and auto insurance clients to determine their likelihood to recommend a business, in addition to providing comparative insights on customer satisfaction. Our #1 scores in home and auto surveys demonstrated our continued leadership in the P&C industry.
Net Promoter Score	N/A	+22	+20	N/A	N/A		Co-operators has the highest NPS score among its clients compared to our competitors. Our strong result of +22 on this scale (which ranges from -100 to +100) demonstrates our effectiveness at client engagement.
Group Benefits Client Experience Index (Biennial)	80% by the end of 2022	78%	N/A	77%	78% (2018)	Not achieved	We are on track with positive movement, improving by a factor of one in the Client Experience Index and increasing 4% on overall satisfaction. With new product and service features, performance ratings for all product-related metrics increased significantly in 2022. We continue to iteratively evolve our product and service offerings, including digital enhancements, which are expected to keep our ratings at satisfactory levels moving forward.

¹Includes client households of Co-operators General and Co-operators Life for all retail business lines.

	Target	2022	2021	2020	2019	Status*	Discussion
Credit Union Client Experience Index (Biennial)	80% by the end of 2022	N/A	79%	N/A	79%	Not achieved	While overall, we've achieved strong results in this category, we continue to focus on removing existing pain points for credit union clients by continuously improving any process and technology challenges that may exist at the point of sale.
Revenue from sustainable products and services	20% of revenue is defined as "sustainable revenue" by Corporate Knights by 2022	28.2%	22.6%	20.1%	17.8%	Exceeded	We track revenue generated from products and services that champion sustainability and resiliency, from our Comprehensive Water product, to our impact investing efforts. We have exceeded our targets in this area, a testament to our ability to embed sustainability into our business decisions. Going forward, we will increase flood coverage among individual and commercial clients. We will also continue to grow client participation in impact investing through the introduction of our Sustainable Investment Portfolios.

*Target terminology is "exceeded", "achieved", or "not achieved".

2. Co-operative Identity

	Target	2022	2021	2020	2019	Status	Discussion
Member Engagement Score² (Biennial)	85%	N/A	96%	N/A	98%	Exceeded	Despite challenges to engagement throughout the COVID-19 pandemic, we continued to stay connected and keep our members engaged. We introduced new activities to highlight the relevancy of members and keep them front and center with Co-operators staff, and will continue to look for creative ways to address survey dimensions that scored lower than the previous result and are working on our new strategy for 2023 to 2026.
Total amount contributed to co-operatives in 2022	\$1.5 million each year	\$2.5m	\$1.6m	\$1.5m	\$1.6m	Exceeded	We exceeded our target through dues, programming and partnerships (both national and international) that aligned with our community impact goals. Under our Social Impact Framework, we continue to focus on close partnerships with co-ops to amplify our impact in the community, by supporting those that contribute to overall community well-being and resiliency.

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

	Target	2022	2021	2020	2019	Status	Discussion
Total member and co-operative business volume³	\$1.388 billion by the end of 2022	\$1.372 billion	\$1.279 billion	\$1.180 billion	\$1.150 billion	Not achieved	While we came close to target, growth challenges in our creditor line of business persisted in 2022. Nevertheless, we experienced moderate growth in commercial, corporate accounts and other lines of business in the Member Benefits Program. As we move into 2023, we hope to expand marketing activities to further grow our Member Benefits Program.
Percentage of pre-tax profit (attributable to members) contributed to Canadian co-operatives, non-profits and charities (five year average)	Exceed Imagine Canada's benchmark of 1% each year	3.9%	4.1%	5.3%	4.2%	Achieved	We met this target due to our strong commitment to our co-operative principles and the social and environmental well-being and resiliency of Canadian communities.
Percentage of Co-operators invested assets in impact investing	20% by the end of 2022	23.6%	21.2%	20.8%	19.4%	Exceeded	The opportunities for impact investments have expanded significantly since 2021 with a growing variety of investment options. Although green bonds continue to dominate the market, the fast emergence of social bonds, sustainability bonds, and sustainability-linked loans enabled us to diversify our impact investments and continue to exceed our target.
Carbon Footprint Reduction	Maintain carbon neutrality	100%	100%	100%	80%	Achieved	Emission levels rose in 2022 as we resumed business travel and returned to more in-person operations. We continue to purchase renewable electricity and carbon offsets to maintain carbon neutrality. We are broadening and deepening engagement with various departments on our decarbonization pathways to drive us towards our net-zero commitment.
Percentage of senior leadership with SMART goals related to sustainability or co-operative identity	100% each year	98%	95%	N/A	94%	Not achieved	This measures the integration of sustainability and co-operative principles throughout our organization. The vast majority of our executives continue to set SMART sustainability goals, reflecting the integration of these principles in our strategic plan. Sustainability will continue to be further integrated into our business decisions, processes and actions, including executive compensation.

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

	Target	2022	2021	2020	2019	Status	Discussion
Corporate Knights "Best 50 Corporate Citizens in Canada" Ranking	Remain on the list	14 th	3 rd	4 th	1 st	Achieved	Efforts to embed sustainability into our organization were once again recognized in 2022, when we were placed on the Corporate Knights Best 50 Corporate Citizens in Canada list for the 13th consecutive year. The highest-ranking financial institution, our 2022 result was driven by our high proportion of Sustainable Revenue, sustainability-pay link, paid sick days, gender diversity in senior management, and more. We continue to expand our impact investing and climate resilience insurance in Canada, which are sources of Sustainable Revenue.

3. Competitiveness

	Target	2022	2021	2020	2019	Status	Discussion
Expense ratio for P&C operations⁴	At or better than the industry by the end of 2022	32.4%	32.4%	30.6%	31.6%	Not achieved	Our 2022 expense ratio did not achieve target due to the acceleration of strategic spend and higher salaries and benefits. Strategic spend was increased to ensure delivery on our digital capabilities and operational efficiency initiatives. We anticipate strategic spend to decrease in 2023 to more affordable levels and tight control will be maintained over other expenses.
Efficiency ratio for Life operations	17.7% by the end of 2022	18.0%	21.5%	20.0%	19.2%	Not achieved	The 2022 efficiency ratio did not achieve target as the Life Operations continued to tightly manage direct expenses while maintaining higher strategic spend associated with key initiatives.
P&C combined ratio	98% by the end of 2022	95.2%	89.2%	95.0%	101.1%	Achieved	Our favourable results stem from our ongoing focus on sustained, profitable underwriting, which includes using data and analytics tools to support our risk assessments and adjusting pricing to reflect the risk. The year over year increase resulted primarily from claims frequency which has been slowly increasing towards pre-pandemic levels.
Return on members' equity	8 to 10% each year	8.5%	14.2%	10.2%	7.7%	Achieved	We achieved our target through strong underwriting across both P&C and Life operations during 2022, despite volatile financial markets and elevated strategic spend.

⁴Includes CGIC and CUMIS General.

	Target	2022	2021	2020	2019	Status	Discussion
Return on participating policyholders' (Par) equity	4.5 to 6.5% each year	3.0%	6.7%	1.9%	8.7%	Not achieved	<p>Return on Policyholders' equity fell short of our target. This was largely due to economic factors, which offset income generated from our operations.</p> <p>Our participating policyholders are those clients who hold a Life insurance policy with us that includes an investment portion which lasts for much of, or all, of their total lifetime.</p>
Retail wealth sales growth	36.4% compound annual growth rate through 2022	21.1% compound annual growth rate through 2022				Not achieved	The target was set aggressively in 2022, given the volatility in the market and the high interest rates environment. While the target was not met, we managed to exceed 2021 sales in a challenging environment.
Retail wealth assets under management and administration	\$3.0 billion by the end of 2022	\$2.24 billion	\$2.31 billion	\$1.91 billion	\$1.69 billion	Not achieved	The volatile markets in 2022 and the significant economic downturn led to a decrease in assets under management in 2022.
Individual Insurance new annual premium growth	7.0% compound annual growth rate through 2022	(1.9%) compound annual growth rate through 2022				Not achieved	Unfavourable market conditions and an increased focus on wealth in recent years saw individual insurance sales decline.
Revenue Growth in consolidated P&C Commercial lines of business	N/A	10.4% compound annual growth rate through 2022					Growth in commercial premiums has trended positively due to higher than anticipated average policy growth and risk-appropriate policy rate adjustments across most regions. Through meaningful rate setting, our refined risk appetite, and targeted growth, we expect to see continued revenue growth with our commercial lines.
Group Benefits Premium Growth	7.3% compound annual growth rate through 2022	6.5% compound annual growth rate through 2022				Not achieved	We did not achieve the target largely due to the impacts of the pandemic and industry contraction. However, our business rebounded with a compound annual premium growth rate of 8.5% since 2020. This growth was supported by the post-pandemic economic improvements, but heavily influenced by solid client retention, good underwriting results and improved sales traction.

4. Workforce Capability

	Target	2022	2021	2020	2019	Status	Discussion
Representation of women in senior leadership⁵	35% by the end of 2022	38%	34%	25%	26%	Achieved	Planning focused on attraction, retention, and development of talent generated more diverse talent pools. The number of women in vice-president and executive vice-president roles increased while overall vice-president role total decreased. Moving forward, we will focus on accelerating momentum through employee resource groups and talent management insights.
Aggregated Employee Engagement Score	Maintain 80% or better each year	71%	80%	N/A	77%	Not achieved	Each year, we strive to achieve a Best Employer ranking for employee engagement, but this year fell short. Employees were most engaged in the areas of diversity and inclusion, manager support, and perceived levels of collaboration. Areas for improvement included perceptions of our ability to attract, retain and promote top talent, rewards and recognition, and the degree to which we're enabling the infrastructure required to effectively perform work tasks.
Mental Health index	N/A	78%	80%	N/A	78%		We sustained our commitment to mental health through targeted leader and employee awareness programs. We also implemented new technology to enhance social connection through peer-to-peer recognition. In 2023, we will maintain our focus by implementing in-person events and fitness classes, encouraging positive workplace culture.

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

2022 financial statements

Income statement summaries

P&C operations direct written premium by lines of business

Direct written premium in our P&C operations increased 7.3%, primarily due to higher average premiums in home, commercial and farm, strong policy growth in commercial as well as an increase in travel premiums as pandemic-related lockdown measures continued to be lifted throughout the year.

Life operations premiums and deposits by lines of business

Our life operations' total premiums and deposits grew almost 8% in 2022 led by continued growth in our wealth management line of business, and solid growth in our travel, group benefits and individual insurance lines. The wealth management line was driven by an 80% increase in mutual fund deposits.

Net investment income and gains

Our investment results were impacted by the rising interest rates which negatively impact the fair value of our bond portfolio as well as the weak preferred equity market. A significant portion of the volatility in investment gains and losses arises from our life operations with much of this volatility being offset through claims and benefits expenses as a result of our asset-liability matching programs. During the year, we rebalanced the portfolio due to the pessimistic macro-economic outlook for 2023 and, as a result, we realized common equity gains which partially offset the bond and preferred equity losses.

The Co-operators Group Limited

Summarized consolidated Statement of Income
Year ended December 31

(in millions of dollars)	2022	2021	2020
INCOME			
Net earned premium	4,918.1	4,617.8	4,431.9
Net investment income and gains (losses)	(642.6)	373.1	751.8
Fees and other income	182.0	173.2	166.9
Total income	4,457.5	5,164.1	5,350.6
BENEFITS AND OPERATING EXPENSES			
Claims and benefits expense, net of reinsurance	2,149.3	2,710.7	3,329.3
Other expenses	1,915.3	1,831.4	1,652.5
Total expenses	4,064.6	4,542.1	4,981.8
Income before income taxes	392.9	622.0	368.8
Income tax expense	84.0	147.0	85.0
Net income	308.9	475.0	283.8
Net income attributable to:			
Members	271.8	407.6	258.1
Participating policyholders	26.5	57.1	15.8
Non-controlling interests	10.6	10.3	9.9
Net income	308.9	475.0	283.8

Summarized consolidated balance sheet

Our balance sheet position remains strong, with almost \$4.5 billion in capital. Our regulatory capital positions, as measured by the Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT), also remain strong with our ratios well above regulatory requirements. Invested assets decreased by 8.4% in the year as a result of the increase in interest rates - which decreases the fair value of our bond portfolio - as well as the weak equity markets throughout the year. Despite this decline, invested assets still exceed the total value of our insurance and investment contracts, net of reinsurance, by 24.3%. Our bond portfolio makes up 55.6% of the portfolio and is well-diversified geographically and by sector with over 97% of bonds considered investment grade.

The Co-operators Group Limited

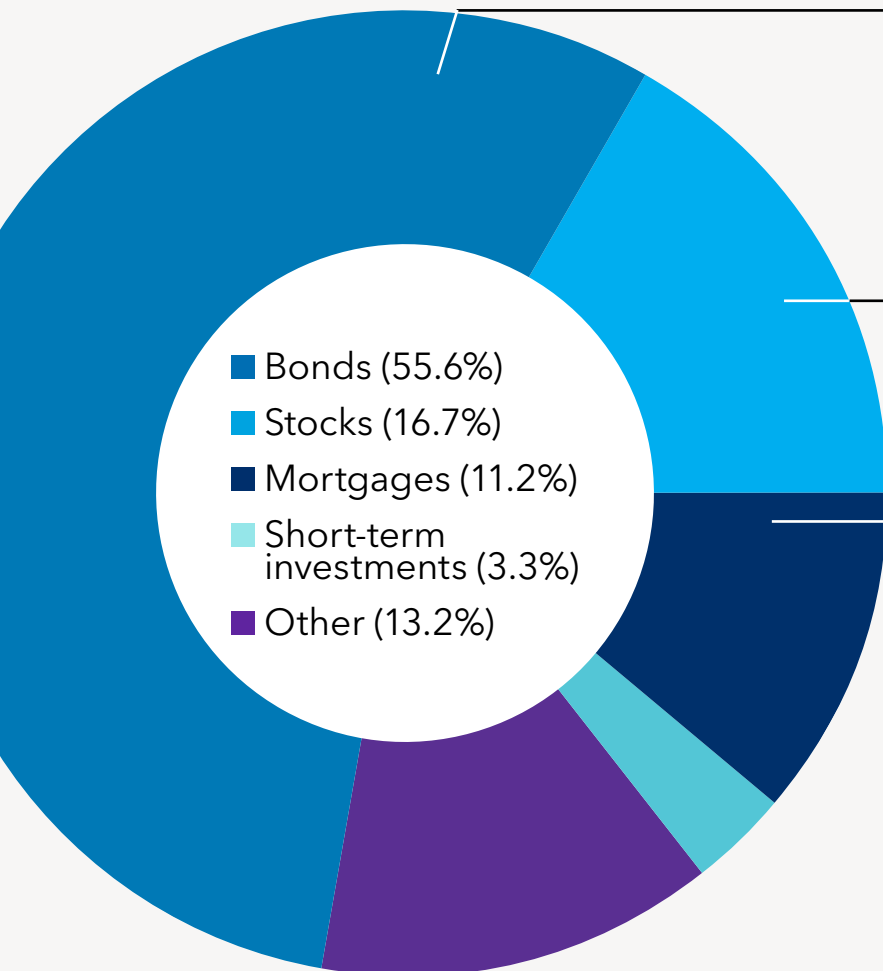
Summarized consolidated Balance sheet
As at December 31

(in millions of dollars)	2022	2021	2020
ASSETS			
Invested assets	11,425.6	12,478.4	11,789.9
Segregated fund assets	3,595.3	3,926.0	3,426.4
Other assets	4,367.1	4,236.2	3,664.2
Total assets	19,388.0	20,640.6	18,880.5
LIABILITIES			
Insurance and investment contract liabilities	9,815.0	10,471.9	9,868.7
Segregated fund liabilities	3,595.3	3,926.0	3,426.4
Other liabilities	1,478.8	1,638.1	1,623.2
Total liabilities	14,889.1	16,036.0	14,918.3
EQUITY			
Member equity	3,349.9	3,423.0	2,851.3
Participating policyholder account equity	940.1	971.8	907.6
Non-controlling interests	208.9	209.8	203.3
Total equity	4,498.9	4,604.6	3,962.2
Total liabilities and equity	19,388.0	20,640.6	18,880.5

Invested asset mix

We invest our assets responsibly for our stakeholders

How we invest our assets influences our financial stability, as well as our investment returns. Bonds make up the majority of our asset portfolio, which have a lower risk profile relative to other investments.



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

AAA	25.6%	BBB	14.7%
AA	30.4%	Below BBB	2.5%
A	26.5%	Not rated	0.3%

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

Canadian	50.2%	U.S.	12.9%
Canadian Preferred	32.1%	International	4.8%

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

Loss ratio of 0.0% over the last five years.

Ratings

External rating agencies rate our companies and recognize our strong capital position. In October 2022, DBRS upgraded CFSL's issuer credit rating to BBB (high) from BBB and CGIC's and Sovereign's financial strength rating to A from A (low). The upgrades reflect the group of companies' strong and consistent growth and improved underwriting profitability as well as the consolidated prudent liquidity, leverage and capital positions. All ratings are investment grade (BBB-/bbb- or better). [Information on Issuer Credit Rating and Financial Strength Rating can be found online at cooperators.ca.](https://www.cooperators.ca)

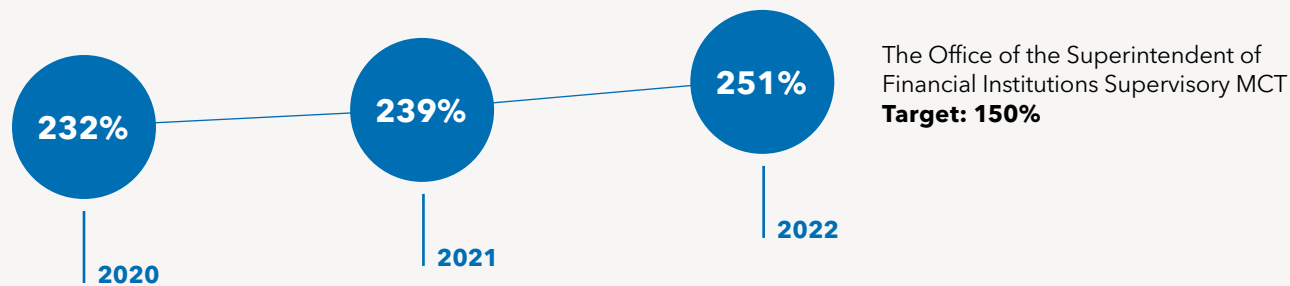
Capital tests

We help provide financial security when times get tough

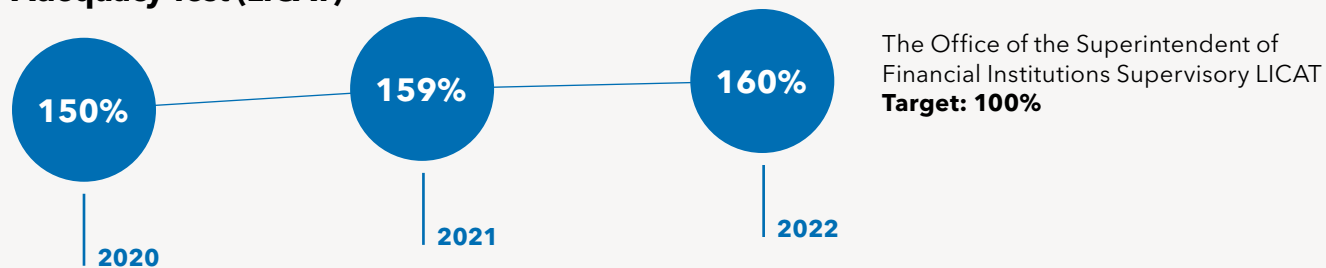
Our capital allows us to fulfil our promises to our clients through changing circumstances, to meet regulatory and rating agency expectations, to invest into strategic initiatives to achieve our short- and long-term goals and to pursue business opportunities as they arise. At year end, we remain well-capitalized and strongly positioned to face future uncertainty.

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

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



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



Risk management

We manage risk through a robust and continuous process

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

Our enterprise risk management program

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



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

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

How we define our risk appetite

Our risk appetite defines the types and amount of risk we are willing and able to responsibly accept, while earning an appropriate return and fulfilling our strategic goals and objectives. It describes the risks we will avoid, the risks we are prepared to assume and the limits we place on assumed risks. We develop and establish our enterprise risk appetite through a collaborative culture between ERM and other departments across our organization.

Our risk universe

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

Risk type

Top risk in 2022

Investment and financial risks

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

Rising Interest Rates

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

Insurance risk

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

Extreme weather and climate change

As we experience more extreme weather activity, we face increasing risk that our property insurance products will fail to remain affordable over the long-term. To mitigate against this possibility, we continue to expand our offering of innovative and sustainable insurance solutions, and to advocate for the importance of addressing climate-change risks. Our Climatic Hazards and Advanced Risk Modelling (CHARM) team has made significant investments in research and development to provide strategic insights based on advanced modelling and analytics, including the quantification of our portfolio accumulations across regions.

Rising inflation risks

Inflation is detrimental to P&C claim costs, particularly this pandemic-driven, pent-up demand environment, which has resulted in property insurers paying much higher settlement amounts as a result of supply chain constraints relative to the general Consumer Price Index.

Operational risk

Includes risks to prolonged interruption in business operations after a disruption, risks associated with executing on projects effectively, risks of legal and regulatory compliance, risks associated with technological gaps and data security, and more.

Future of Work

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

Strategic risk

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

Shifting client preferences and behaviours

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

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

Reputation risk

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

Cyber security risk

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

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

Report materiality process

We engage with key stakeholders to connect with what matters

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

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

How we validated priority reporting issues with key stakeholders in 2022

We engaged members, clients, employees, Financial Advisors and others to validate material reporting issues throughout the year. This helped us determine what information to include in our Integrated Annual Report.

In 2022, we engaged our Board Sustainability Committee in a discussion on report materiality validation to gain feedback and insights on the relevance of our 2022 material reporting issues. From this discussion, the following topics emerged as ones of particular importance to our stakeholders in 2022.

- Responsible advice and sales practice of our wealth strategy
- Financial performance and business resilience
- Climate change mitigation, adaptation and community resilience
- Changing nature of work
- Our role as a catalyst of sustainability

Priority reporting issues validation process

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

Top priority reporting issues

1. Client and member financial security and resilience

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

2. Climate change and the low-carbon transition

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

3. Workforce engagement, development and well-being

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

4. Innovation and digital trust

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

5. Investing for positive impact

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

6. Community resilience, development and well-being

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

7. Financial performance and competitiveness

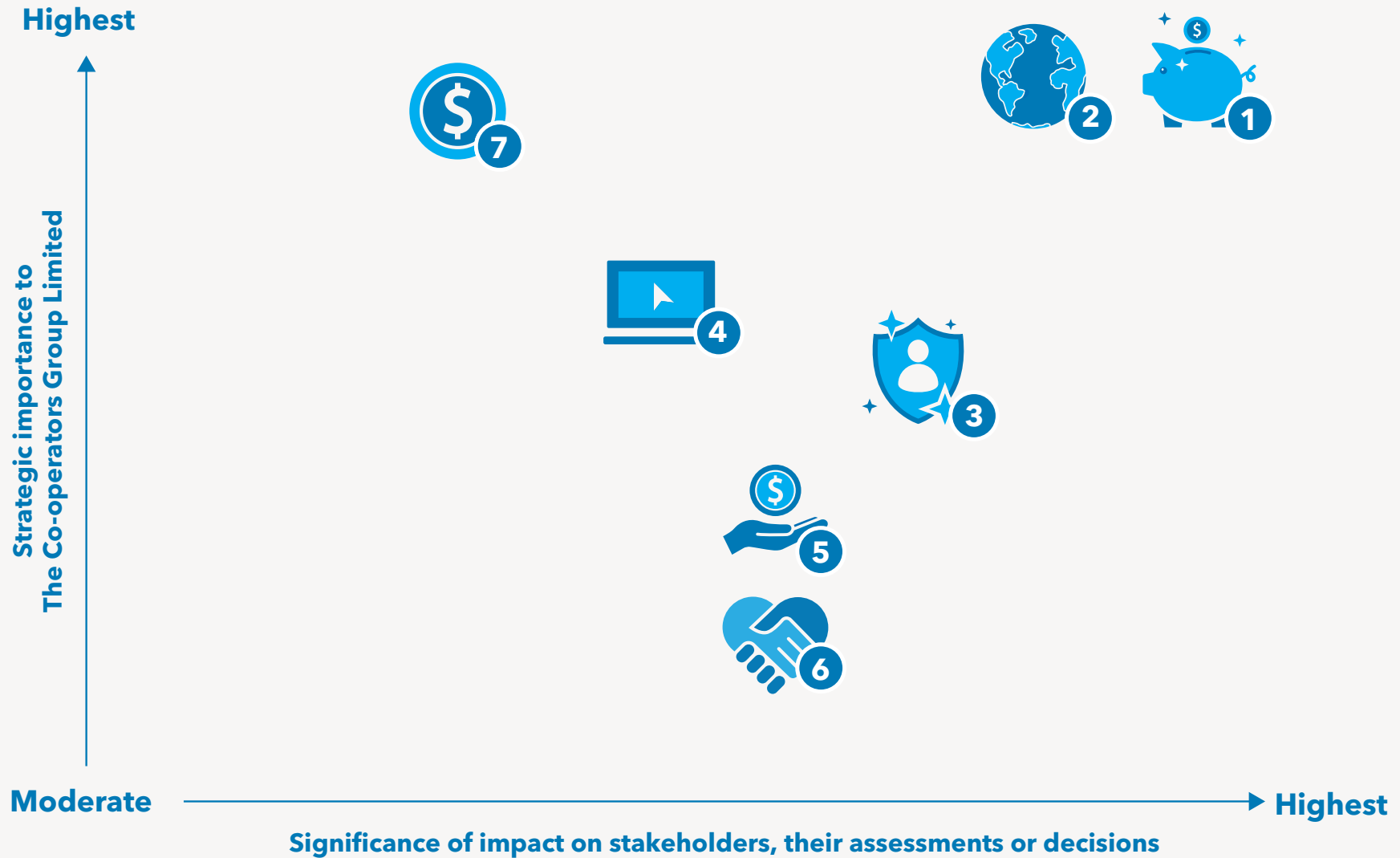
How we ensure the financial health, resilience and competitiveness of our organization, and the steps we take to deliver value and returns to our members, while ensuring the efficiency, competitiveness and sustainability of our business.

Additional priority reporting issues

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

Reporting issues

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



About The Co-operators Group Limited

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

As a leading Canadian financial services co-operative with \$58.2 billion in assets under administration, The Co-operators Group Limited provides property and casualty (P&C) insurance, life insurance, investment management, institutional asset management and brokerage operations.

The Co-operators Group Limited

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

Addenda Capital Inc.

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

Co-operators General Insurance Company

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

Co-operators Life Insurance Company

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

Co-operators Financial Investment Services Inc.

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

CUMIS General

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

Duuo

Provides a growing variety of integrated insurance solutions.

Federated Agencies Limited

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

Technicost

Provides credit software solutions to credit unions across Canada.

The Edge Benefits Inc.

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

The Premier group of companies

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

The Sovereign General Insurance Company

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

We meet the needs of a wide range of clients

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

We insure



889,000

homes



1.6 million

vehicles



220,000

employees and their dependants

We protect



623,000

lives



490,000

Canadians through Creditor
Life insurance

We manage the investments of



233

institutions, as well as individual investors,



with assets valued at over

\$34.2 billion

We provide coverage for



42,000

farms



279,000

businesses

We serve



209

credit unions



5.9 million+

credit union members

We help Canadians plan their financial futures



over

51,000

wealth accounts

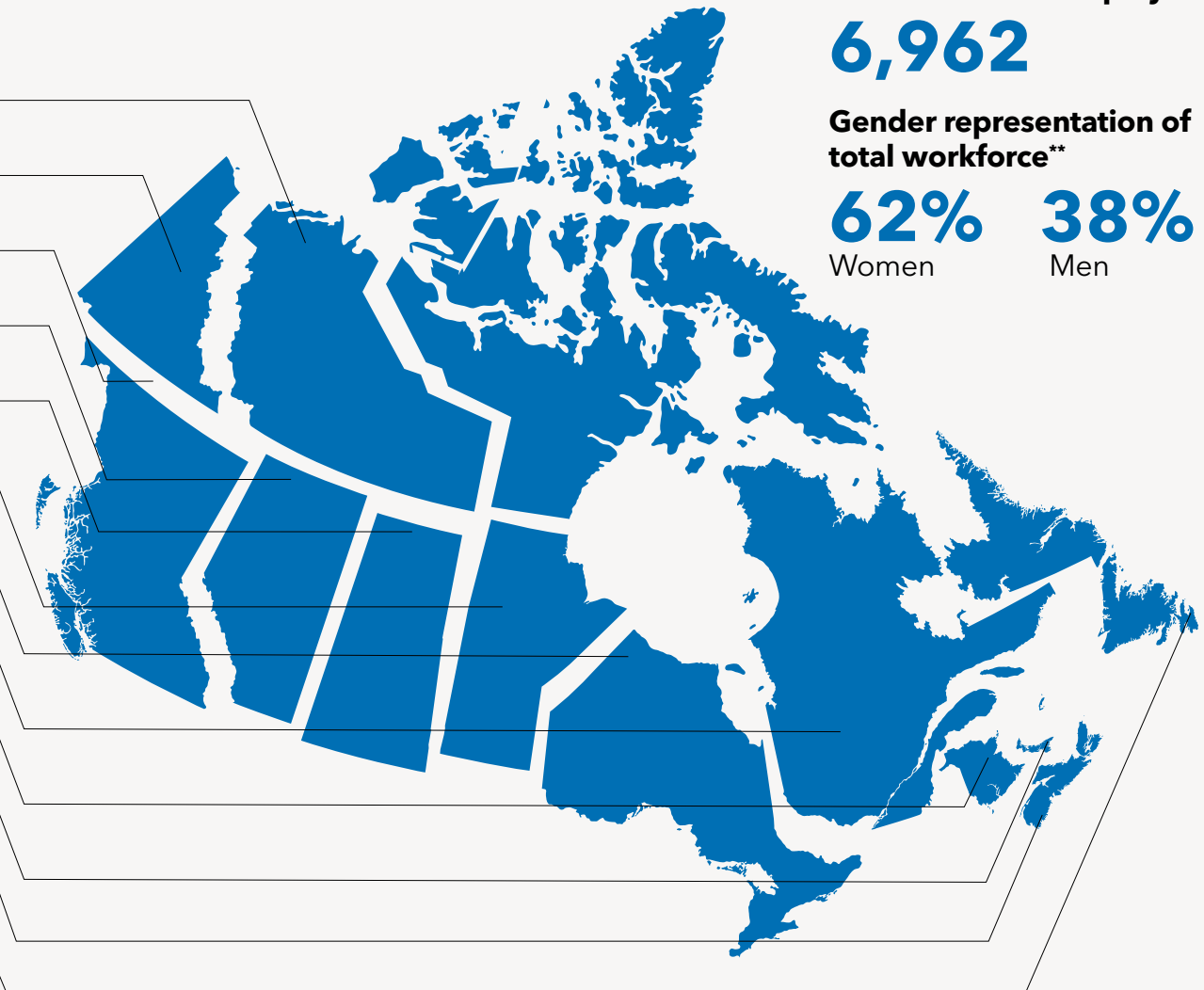
Additional information about our workforce

Our employees are our greatest strength

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

Number of full and part time employees by province

- Northwest Territories:
full time 1 / part time 0
- Yukon Territory:
full time 1 / part time 0
- British Columbia:
full time 273 / part time 13
- Alberta:
full time 705 / part time 19
- Saskatchewan:
full time 611 / part time 21
- Manitoba:
full time 32 / part time 2
- Ontario:
full time 4,056 / part time 44
- Quebec:
full time 556 / part time 18
- New Brunswick:
full time 502 / part time 6
- Prince Edward Island:
full time 9 / part time 0
- Nova Scotia:
full time 34 / part time 0
- Newfoundland and Labrador:
full time 58 / part time 1



Total number of employees*

6,962

Gender representation of total workforce**

62% **38%**
Women Men

*Includes employees of Premier group of companies and The Edge Benefits Inc. Non-financial reporting items for these entities have not been included in this report, unless otherwise noted.
**Although we do not currently include 'non-binary' in our data collection, we are working toward including it next year.

Public Accountability Statement

Our 2022 Integrated Annual Report provides our key stakeholders with information and data related to our economic, social and environmental performance.

In compliance with the Public Accountability Statement requirements under the Insurance Companies Act, this report includes relevant activities of Co-operators General Insurance Company, which has equity exceeding \$1 billion, along with the activities of some of our larger regulated companies owned by The Co-operators Group Limited, including:

- The Sovereign General Insurance Company (Sovereign Insurance)
- Co-operators Life Insurance Company (Co-operators Life)
- Federated Agencies Limited (Federated)
- Addenda Capital Inc. (Addenda)
- CUMIS General Insurance Company
- Co-operators Financial Investment Services Inc. (CFIS)

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

The information, data and content found in these pages focuses on our larger operations outlined above. Unless noted, non-financial reporting items from a number of smaller companies are excluded from this report, based on size or Co-operators ownership interest. These organizations include: Aviso Wealth Limited Partnership; AZGA Service Canada Inc.; CU Agencies Alliance Ltd.; Duuo Insurance Services Inc.; HB Group Insurance Management Ltd. (HB Group); Premier group of companies; Les Systemes de gestion Technicost Inc.; The Edge Benefits Inc.; and UNIFED Insurance Brokers Limited.

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

Our Integrated Annual Report captures the activities of The Co-operators Group Limited and its major subsidiaries, unless otherwise stated, for the 2022 calendar year. This report can be found in English and French at integratedreport.cooperators.ca.

To obtain a printed copy, or for more information, email us at service@cooperators.ca.

Our report validation process

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

2022 taxes paid/payable (recovered/recoverable)¹ (in thousands of Canadian dollars)

	Income and capital taxes	Premium taxes	Total
Federal	(10,141)	-	(10,141)
Provincial			
Alberta	(2,708)	44,355	41,647
British Columbia	501	15,678	16,179
Manitoba	(386)	3,594	3,208
New Brunswick	(459)	4,323	3,864
Newfoundland and Labrador	(257)	7,784	7,527
Nova Scotia	(372)	6,437	6,065
Ontario	1,934	76,469	78,403
Prince Edward Island	(150)	1,740	1,590
Quebec	694	9,599	10,293
Saskatchewan	(645)	8,438	7,793
Territories	(122)	1,189	1,067
Total Provincial	(1,970)	179,606	177,636
Total	(13,430)	179,606	167,495
Other taxes²			121,978
Total taxes paid/payable (recovered/recoverable)			289,473

¹All amounts may contain accrued tax estimates.

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

2022 debt financing*

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

	Number of authorizations	Authorized
\$0 to \$24,999	6	\$8,814
\$25,000 to \$99,999	2	\$134,112
\$100,000 to \$249,999	7	\$1,308,114
\$250,000 to \$499,999	7	\$2,305,595
\$500,000 to \$999,999	22	\$15,634,910
\$1,000,000 to \$4,999,999	35	\$87,966,219
\$5,000,000 and greater	4	\$38,580,654
Total	83	\$145,938,418

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

**Debt Financing includes mortgage loan issuances and other private commercial loans.*

Supplementary Disclosures

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



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Available in French ~ Disponible en français
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