Resilient. Sustainable. Secure.

Integrated Annual Report 2023

Co-operators Group Limited

co-operators

About this report

Our story in an interconnected world.

Our co-operative is linked to the complex and dynamic world around us. We report on our engagement with the world through our various roles – as an insurer, a financial planner, an investor, a business and a co-operative.

Our Integrated Annual Report highlights the environmental, social and financial impacts we've made on the issues and trends that matter to the people we serve. From our greatest challenges to our proudest achievements, this report provides a transparent and comprehensive look at our co operative's performance in a world of rapid change. Serving as our Public Accountability Statement, it weaves together the sustainability, governance, and financial reporting for our group of companies.

Discover our full suite of reports online

In addition to the Integrated Annual Report Supplementary Disclosures, our Global Reporting Initiative (GRI) Content Index, and archived reports, you can explore other annual disclosures about key areas of our business.

Climate Report

Co-operators General Insurance Company Annual Report

Land acknowledgement

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

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 Nations, Inuit and Métis Peoples.

The Co-operators Group Limited acknowledges that our corporate headquarters in Guelph, Ontario, sits on the Between the Lakes Treaty (No. 3) territory, the traditional land of the Mississaugas of the Credit First Nations and the ancestral homelands of the Anishinaabe, Haudenosaunee and Attawandaron Peoples.

We acknowledge that Indigenous Peoples are stewards of this land and that our work is carried out across the traditional territories of the First Nations, Inuit and Métis Peoples. This grounds our journey toward a path of truth and reconciliation with our Indigenous neighbours, clients, members, employees and partners.

More information on our Reconciliation Strategy and the progress we made in 2023 can be found on page 98 of this report.

Table of contents

Rob Wesseling (pictured left),
President and Chief Executive Officer

John Harvie (pictured right),
Chairperson, Board of Directors

Executive interview

Leading with purpose

Our President and CEO Rob Wesseling, and our Chairperson of the Board John Harvie, discuss issues and trends in the world around us, the headwinds and tailwinds we faced in 2023, and why our vision is critical in a world of rapid transformation.

Financial resilience is cultivated, grown, and sustained in our communities.

What issues or trends are top of mind as you consider the year in review?

Rob Wesseling: Three are most profound for me. The first is climate resilience. As climate change becomes more pervasive, our business models need to evolve in kind. In addition to protecting against risk, we need to get into the resilience business. That means helping our clients and communities plan for the future and ensure our homes, businesses and communities are set up to mitigate and absorb the impacts of climate change.

Second is the rapid advancement of data collection and generative artificial intelligence (AI), which took a monumental leap forward in 2023. As a purpose-based business that thinks decades and even further ahead, we need to understand how to use these tools in ways that align with our principles, are transparent, and benefit our members, clients and communities.

Finally, I'm increasingly conscious of rising divisions in our society. I believe the co-operative system and Co-operators can play a significant role in demonstrating that working toward a common purpose, while embracing difference, is possible and necessary. As a co-operative, we are built to collaborate. This aspect of our identity is far more valuable now than ever.

How does our co-operative governance enable us to navigate the issues we face?

John Harvie: We're governed by 46 member organizations. Few companies enjoy such a wide regional and sectoral diversity that includes so many elements of the social, cultural and political spectrums. With this wide range of philosophies and perspectives at our governance tables, we can represent the interests of millions of Canadians.

These diverse perspectives enable us to explore how potential solutions might impact the well-being and resilience of the communities we serve. Importantly, we never made – and with good governance, never will make – decisions to maximize profit for a small group of shareholders. We're oriented to the needs of present and future generations of Canadians. I think this makes all the difference in how and why we show up to do the work.

How would you describe our 2023 performance?

RW: In 2023, we experienced financial challenges and volatility, with higher claims volume and inflation negatively impacting our P&C underwriting performance. Importantly, our capital position remains strong, and we ended the year with net income before tax of $310.6 million. In year one of our four-year strategic plan, we're building good momentum on a number of fronts.

We made significant progress in how we serve clients through our Guided Omni Strategy – where we provide clients with an experience that best suits their needs based on their profile and preferences. We served more Canadians than ever with our wealth management and investment solutions and are now managing over $2.7 billion in retail wealth assets through our range of mutual funds and other investment products. In addition, we successfully grew our commercial insurance business with tailored offerings to meet the needs of small, medium and large businesses across the country.

We continue to catalyze sustainability through our investing efforts, with 48.4% of our total portfolio now invested in climate transition or impact investments. And, with community resilience in mind, we're working to seed the world's first private capital investment solution for climate adapted infrastructure through our resilience investing initiative, which aims to fund innovative climate resilience projects across Canada.

JH: The board has been closely engaged in overseeing the business plan and in creating our 2023 to 2026 corporate plan. Through our efforts, we've kept a keen eye to our financial performance in times of volatility and uncertainty, to ensure we can live up to our purpose long into the future. We have further embedded sustainability and climate resilience into our governance tables and committees and have continued to advance board education through topics such as inclusion, diversity, equity and accessibility (IDEA), climate change, biodiversity and nature, social impact, financial resilience for all Canadians, and much more.

What were our greatest challenges in 2023?

JH: Our challenges are opportunities to grow. We continue to develop and strengthen the relationships with our member organizations and delegates, which is critical to the success of our co-operative. Now post-pandemic, we're cultivating a strong governance culture with in-person meetings, while continuing to hold many meetings virtually, enabling greater frequency and flexibility.

We have further to go to embed IDEA into our governance and are focused on maintaining a strong board with well-rounded perspectives, expertise, skills and values. Democratic succession planning is crucial to this work. To this end, we introduced a Democratic Succession sub-committee, which will become effective in 2024. It's important to also address emerging and increasing climate, technological and financial risks, and shifting regulations, and competitive pressures. These things have redefined the world around us. Our governance must evolve in kind.

RW: From a business perspective, I'd highlight the alarming rise of auto theft in Canada, and the rise of climate-related impacts for our communities, clients and our business. It's imperative that we take steps to ensure our products, investments and partnerships are positioned to mitigate increasing and evolving risks and to build long-term resilience.

We also have significant room to progress toward diversity and inclusion, and to continue moving forward on our journey toward reconciliation. We are not where we need to be yet. We have done very well in terms of increasing the representation of women in leadership positions, but we aren't yet reflecting cultural diversity in leadership.

What inspires you as you look to the future?

RW: I go back to our vision, to be a catalyst for a resilient and sustainable society. I can point to so many ways that we are bringing this vision to life and operating on the leading edge of the sustainable, resilient and net-zero emissions future. As an insurer, an investor, an employer and a co-operative partner, we stay oriented to this vision. It enables us to hold tension between different points of view and work toward creative solutions. I do think our co-operative is a microcosm for what is possible to achieve societally—asking ourselves both how this solution will benefit us today, and how it will improve the resilience of generations long into the future.

JH: I am so heartened by the progress we continue to make in pursuit of our purpose, vision and values as a co-operative, and in our ability to adapt and evolve to ensure we're meeting the needs of our members, our clients and our communities. Because of the strong relationships we've built with the people we serve, we're able to develop the kind of creative and collaborative solutions that are needed to tackle urgent and complex challenges. The co-operative spirit behind our work, I believe, is our greatest strength, and demonstrates that financial resilience is cultivated, grown, and sustained in our communities.

Executive interview

Co-operative strength in challenging financial times

In 2023, inflation, rising interest rates, the risk of recession and economic uncertainty alongside the economic impacts of catastrophic climate change have put increasing financial pressure on our members, clients and our communities. In addition, they have brought greater volatility to financial markets in Canada and internationally. Our long-term stability and focus on sustainability will be key to navigating financial uncertainty, and through our own financial strength, we can support our members, clients and communities through challenging times.

Karen Higgins
Executive Vice President, Finance and Chief Financial Officer

What issues and trends are top of mind as we consider our financial performance?

Karen Higgins: After decades of a low inflationary environment, we and the industry are grappling with high inflation. This impacts our claims costs along with other operating expenses which, in turn, puts pressure on our rates, negatively impacting Canadians who are more price sensitive. In addition, 2023 was the fourth-most expensive year for catastrophic claims in the P&C industry, due overwhelmingly to extreme weather events. There's no denying climate change and its impact on society. While major event claims were down slightly from 2022, we still expect this issue to persist well into the future.

Overall how did we perform financially in 2023?

KH: Our financial performance was challenged in 2023. We significantly missed our overall profitability target, mainly driven by aspects of our underwriting results. And while we were not as impacted by catastrophes in 2023 as the rest of the industry, we were not immune to inflation impacts, a sharp rise in auto theft, and a return to pre-pandemic claims frequency in auto line of business. On a positive note, our life insurance operations out-performed in their core insurance operations and the overall economic environment was favourable against our expectations.

It's also important to note that as we established our 2023 to 2026 strategic plan, we knew there would be significant expenditures early in the plan period, with delayed financial benefits. We have had to balance prioritization of goals, resources and spending, while investing for the future and advancing our underlying business. As always, we maintain our long-term focus to ensure a strong, stable capital position that will enable us to achieve our purpose for generations to come.

What were the areas of strength in our financial performance?

KH: There were two areas to highlight as positives: profitable growth and the economy. Our top line growth exceeded our expectations in 2023. It out-paced our target for the consolidated company, and more importantly, exceeded targets in all areas of strategic importance. While the economy remains volatile, the overall impact to our bottom line was positive, with equity markets performing well, so we were able to take advantage of high yields through shifts in our asset mix.

How does our co-operative identity shape our approach to financial strength and stability?

KH: Our purpose comes first. As a co-operative, we balance profitability with the short-term and long-term needs of our members, clients and communities. To meet those needs, we need to ensure our capital is sufficient and sustainable to combat high inflationary times, periods of economic volatility and the ever-increasing claims impact of climate change. Our comprehensive, strategic financial planning and execution oversight processes along with thoughtful decision-making ensure this balance is achieved.

Co-operators at a glance

How we provide financial security

Our suite of solutions and personalized advice aim to bring financial security to an array of Canadians and Canadian organizations.

We insure

919,000
homes

1.6 million
vehicles

250,000
employees and their dependents through group benefits

We protect

638,000
lives

456,000
Canadians through Creditor Life insurance

We cover

42,000
farms

303,000
businesses

We serve

194
credit unions

6 million+
credit union members

We manage the investments of

225
institutions and individual investors

with assets valued at over
$37 billion

We help Canadians plan their financial futures

over
65,000
wealth accounts

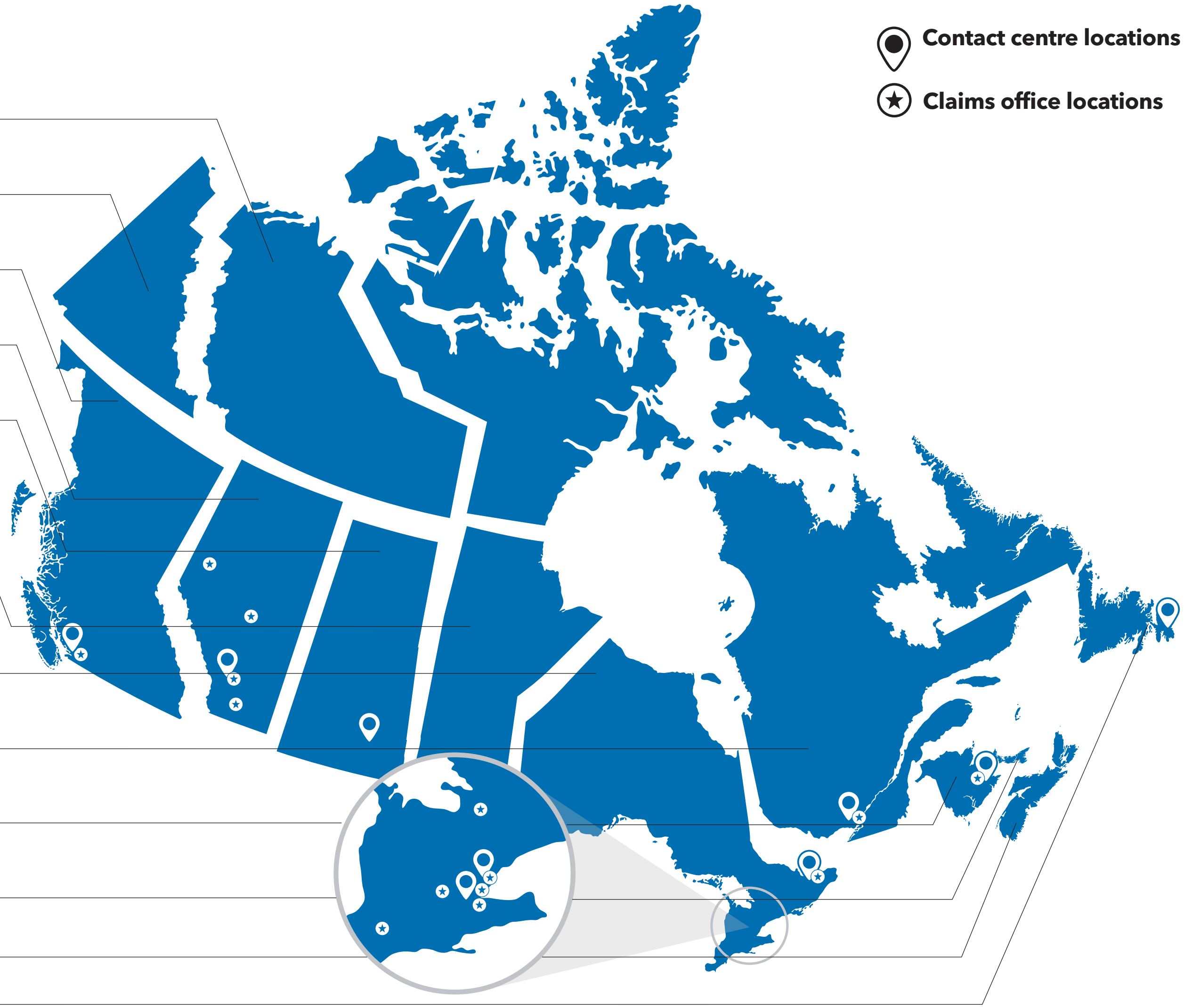
Our Financial Advisor network

Embedded in communities across Canada

We have Financial Advisor, contact centre and claims office locations in over 360 towns, cities and rural communities.

Financial Advisor and service offices by province/territory

Northwest Territories	1
Yukon Territory	1
British Columbia	47
Alberta	128
Saskatchewan	32
Manitoba	13
Ontario	300
Quebec	19
New Brunswick	26
Prince Edward Island	9
Nova Scotia	21
Newfoundland and Labrador	19



Our story

Our purpose: Financial security for Canadians and our communities

We show up in different roles to bring our purpose to life. Whether people know us as an insurer, a financial services organization, an investor, an asset manager, an employer, or a co-operative, we are committed to acting in a way that stays true to our values and fulfills our purpose in pursuit of our vision to be a catalyst for a sustainable, resilient society.

What it means to be purpose-driven

Our purpose is core to our business and gives shape to everything we do.

Being purpose-driven means asking, how will this decision help our clients become more financially secure? And further, how will this decision impact the financial security of our communities and of future generations?

Our purpose of "financial security for Canadians and our communities" may seem simple – perhaps even obvious – for an organization that provides financial planning, protection and advice. And while the transactional elements of insurance, investments and advice are fundamental to our business model, at the end of the day financial security is all about ensuring our members and clients have the economic means to meet their needs today, tomorrow and long into the future.

When we think about our purpose, we think holistically about environmental, social, cultural and emotional dimensions that impact peoples' ability to sustain their financial security.

Acting in a purpose-driven way isn't always easy. We don't always get it right, and we discuss such challenges throughout this report. At times, we know our need to respond to short-term pressure and financial challenges may occasionally undermine our purpose and long-term view. But even amid ongoing volatility, we must hold ourselves accountable and stay oriented to a mindset of continuous improvement, committed to the critical and unfolding journey to fulfill our purpose over time, in an ever-changing landscape.

Importantly, our purpose needs to coexist alongside our vision, our values and our co-operative principles, which set us apart in a competitive landscape of financial institutions. We don't exist to maximize quarterly profits. We exist to deliver on our purpose, for our members, clients and communities. To us, this distinction is everything.

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 model, performance and processes on page 123.

Q&A

Toward a financially resilient Canada

Financial security and financial resilience are topics of critical importance to both Jessica Baker, Co-operators executive vice president and chief retail sales officer, and Eloise Duncan, CEO and founder of Financial Resilience Institute, a non-profit organization and leading independent authority on financial well-being in Canada.

Jessica Baker
Chief Retail Sales Officer and Executive Vice President of Advisor, Contact Centre and Retail Wealth

Eloise Duncan
Founder and CEO Financial Resilience Institute

What issues or trends are top of mind for you as we consider the financial security of Canadians?

Eloise Duncan: Financial vulnerability and financial stress are mainstream problems in Canada across a wide range of household income demographics. Our research* shows that 75% of Canadians want to better understand their financial resilience and how they can improve it and 78% experience financial vulnerability on some level. This is important as people navigate unplanned life events, financial stressors and shocks, climate change impacts, job and food insecurity and other challenges.

Jessica Baker: Among other challenges, we know that high interest rates, inflation, and cost of living pressures coupled with the lack of understanding of how to navigate these issues are impacting Canadians as they try to start saving or as they continue to invest in their financial future. The current market conditions are confusing, potentially volatile, and create a lot of uncertainty around how to plan, get advice and learn what to do in changing times.

What does Co-operators purpose "Financial security for Canadians and our communities" mean to you? Why does it matter?

JB: Not only is financial security the core of our business in terms of the insurance and financial services we provide, it's also our identity as a financial co-operative that brings social value to our community. For me, our purpose is ultimately at the heart of everything we do.

ED: I think Co-operators purpose is critical to the well-being of Canadians. Financial resilience is the ability to navigate financial hardship, stressors and shocks. Improving financial resilience supports individual, family, small business and community resilience. By innovating to support clients' financial resilience and financial wellness, Co-operators brings its purpose to life, differentiates its brand, deepens relationships with clients – and, importantly – people that are under-protected or underserved. Ultimately, this purpose drives positive client, societal and financial outcomes.

How can we build the financial resilience of Canadians in the context of all the transformation we're seeing in our society?

ED: There is so much change in the world today. Climate change is an important one to call out, because it really does impact everything. As a climate leader, Co-operators has an opportunity to help people who have been negatively impacted financially by extreme weather events to gain advice and support around future risks that may impact their household. At the same time, Co-operators can provide insurance solutions that can better protect families as extreme weather events continue to impact their homes and communities. Co-operators has an opportunity to engage its members, employees, communities and partners to help bring its purpose to life, especially in the context of rapid change. We also see significant opportunities to help those who are under-protected and underserved by traditional financial institutions from a saving, planning and investing perspective.

JB: In a rapidly changing world, financial insecurity can come about suddenly and unexpectedly. We need to have open conversations with our clients about the risks they face, so our clients can weigh the level of protection they want with the cost. The conversations can be challenging. We know our clients are balancing financial priorities, especially in today's economic landscape. Resources are scarce. We need to courageously lean into this tension and be candid with our clients. We need to give them real advice in terms they can understand, make sure they know what levers they have, and how they can make real changes to act and build their financial resilience over time.

Understanding financial vulnerability*

78%

of Canadians are "Extremely Vulnerable", "Financially Vulnerable" or "Approaching Resilience" with a financial resilience score of 0 to 70 based on the February 2023 Seymour Financial Resilience Index®

46%

of Canadians report they had been set back financially as a result of an unplanned life event over the past 12 months

44%

of Canadians report they did not have sufficient insurance to protect against the unexpected

**Source: Seymour Financial Resilience Index® with a sample size of 5010 adult Canadians and 783 Co-operators Clients as of February 2023. Seymour Financial Resilience Index® is a trademark used under license by Co-operators and Financial Resilience Society. © 2023 Financial Resilience Society DBA Financial Resilience Institute. All Rights Reserved.*

More information is available online at finresilienceinstitute.org/index-releases-and-reports/

Our long-term goals

Oriented to a better future

Our long-term goals guide us along our journey to fulfill our purpose, and keep us oriented to a sustainable, resilient future.

We take a long-term view and have established a set of long-term enterprise goals that keep us focused on building resilience and catalyzing sustainability with 2030, 2040 and 2050 goals and targets. While each year we work to ensure we move forward from a position of financial strength and stability, these goals remind us that we can't deliver on our purpose if we don't secure the future.

Connected to a global movement

We've linked our strategic priorities with the United Nations Sustainable Development Goals (UN SDGs), a collective global effort to protect the environmental, social and financial well-being of current and future generations.

In alignment with the SDGs, we've developed a framework for how we contribute as an insurer, investor, business and co-operative, maximizing our impact how and where we can, while working to make a meaningful contribution to communities within Canada and globally.

For more details on our impact in relation to the UN SDGs, see page 142 of this report.

Our 2030 enterprise goals

By 2030, Canadians and our communities are:

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 acheive these goals, we will:

Inform and Influence

1. Advocate for better public policies and financial frameworks
2. Promote positive behaviours for risk reduction, while also helping Canadians make sustainable and healthy choices
3. 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

1. Provide insurance solutions at rates that balance being affordable and reflecting the true cost of the risk
2. Enable and incent clients to contribute to sustainable communities through our insurance and wealth solutions
3. Partner with governments, businesses, community groups and other stakeholders to co-develop solutions that advance sustainability

Invest

1. Harness our investments to finance the growth of a sustainable, resilient, equitable, low-carbon society
2. Build the innovative and collaborative capacity of our organization and partners to co-create solutions to societal challenges
3. Model leading operations, including achieving carbon negative and environmentally restorative operations and ensuring the composition of our workforce and leadership reflects the face of Canadian society

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

In 2023, our collaboration continued with the International Cooperative and Mutual Insurance Federation (ICMIF) and Swiss Re Institute on the ICMIF-calibrated Insurance SDG Calculator, a tool to measure the impact of insurance companies on the UN SDGs. Some of the ICMIF-calibrated indicators from 2022 were refined and new indicators were added to provide a more holistic measurement of impact across both property and casualty, and life and health insurance portfolios, as well as insurance company operations. Several ICMIF members, including Co-operators, also used the 2022 version to score their companies, from which ICMIF's first Insurance SDG Benchmark was derived. The enhanced calculator and the benchmark were launched at the ICMIF Sustainability Summit, where the global co-operative and mutual insurance sector reiterated its commitment to supporting the world's global goals.

Our long-term goals

Long-term metrics and targets

We measure progress toward our long-term enterprise goals through metrics and targets, which may evolve over time to ensure they continue to be relevant and impactful.

Beyond 2030: Our 2040 and 2050 net-zero targets

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 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.

Net-zero investments by 2050

We are targeting our entire investment portfolio to be net zero by 2050. We will set new interim targets every four years and disclose our progress toward these goals annually. In addition, our asset manager, Addenda Capital, has a target that 75% of assets under management by 2030 will be net-zero aligned.

Learn more about action we're taking on climate change

Further details on the carbon footprint of our investments and our operations can be found on page 61 and page 82 of this report. Our Climate Report contains detailed information on climate-related milestones, governance, strategy, risk-management and targets and metrics. This report is available online at cooperators.ca/reports.

Metric	Description	2030 target	Interim target	2023 result	Historical
% change in financed emissions intensity	By reducing the emissions associated with our investment portfolio, we can measure progress towards achieving net-zero emissions in our investments, which we are committed to reaching by 2050.	50% reduction	25% reduction by 2025	47.8 tonnes of CO2 equivalent/ $1 million invested	44.8 tonnes of CO2 equivalent/$1 million invested (2020 baseline*)
% of investments in impact, resilience or climate transition	The percentage of our total investment portfolio that is invested in impact investments, resilience investments, or climate transition investments, all of which contribute to more resilient, sustainable communities.	60%	50% by 2026	48.4%	45.5% (2022)
% of revenue that is aligned with a "resilient, and sustainably and inclusively prosperous" future	This metric has been defined as "sustainable revenue" by Corporate Knights' Sustainable Economy Taxonomy. By measuring the proportion of our revenue that aligns with this global standard, we track the impact of integrating sustainability into our business and think critically about how we can enhance or provide new offerings.	Target to be considered in 2024	N/A	24.7%	27.1% (2022**)

**2020 results have been restated. For more details see page 61.*

***As a result of the retrospective adoption of new accounting standards, IFRS 17 and IFRS 9, on January 1, 2023, 2022 figure has been restated.*

"There is an integral and a direct relationship between our purpose and sustainability"

Chad Park (pictured left),
Vice President of Sustainability and Citizenship

Selena Edick (pictured right),
Vice President of Enterprise Strategy and Planning

Q&A

A journey to embed sustainability

Through our strategic plan, our long-term goals, and our purpose, vision and values, we are working to embed principles of sustainability across our co-operative. We spoke with Chad Park, vice president of sustainability and citizenship, and Selena Edick, vice president of enterprise strategy and planning, about how sustainability runs through all elements of our strategic plan.

We're recognized as a global leader in sustainability

In 2023 we were recognized as the top insurance company globally, the top financial institution in Canada, and second best financial institution globally by Corporate Knights in their ranking of most sustainable businesses.

How have we integrated principles of sustainability into our strategic planning process?

Selena Edick: We start by articulating our vision: to be a catalyst for a resilient and sustainable society. Then, we continue by embedding sustainability and resilience into strategic goals and objectives. As we execute on our strategy, we hold ourselves accountable to sustainability performance through measurement, reporting and continuous learning.

Chad Park: Our guiding principles are clearly articulated in our Sustainability Policy. Together with our vision, they inform our strategic planning by back casting from the sustainable future we want to see. More specifically, sustainability-oriented strategies appear in all aspects of our strategic plan, both explicitly – in terms of key performance indicators, goals and targets – and implicitly, in terms of the societal transformation we're trying to facilitate, such as directing our investments for resilience and sustainability.

How can we bring our vision to catalyze a resilient and sustainable society to life through our strategy and long-term goals?

SE: Our long-term goals give shape to the outcomes we want to deliver. They help ensure that we're moving in the right direction to catalyze resilience, sustainability and inclusion in our economy and our society. To get us there, we need to use all the levers we can as an insurer, financial services provider, investor, employer, business and co-operative. Across the board, in each one of our societal roles, we are working to enact change to get us to the future we want to see.

What's the relationship between our purpose, our strategic plan and sustainability?

CP: There is an integral and a direct relationship between our purpose and sustainability. Sustainability risks – like physical risks arising from climate change – pose a significant threat to the financial security of Canadians. Sustainability opportunities – like those arising from the transition to a more inclusive and net-zero economy – offer us new ways to meet unmet needs. Our strategic plan is essentially a sustainability plan. It positions us to ask how we will fulfill our purpose and pursue our vision of being a catalyst for a resilient and sustainable society – not just over the next quarter, the next year, or even the next four years, but with future generations in mind.

What are some of the most significant challenges we face along our journey to sustainability?

CP: The biggest challenges are systemic, existing far beyond the capability of what any single organization can achieve. Whether it's sustainable finance, net-zero operations, a more inclusive economy, or dismantling systemic racism and social inequities – none of our goals can meaningfully be achieved without the engagement of others. That means we must work together with others, and try to positively influence them, in pursuit of our sustainability goals.

To what extent has our strategy been designed with systemic challenges in mind?

SE: Understanding that we are faced with the need for systemic change, at the heart of our strategic vision is a very important word: "catalyst." As we strive to be a catalyst for a resilient and sustainable society, we endeavour to speed up, spur change in, and cause reaction in others. We do this because we know that by sharing a vision, we will be better positioned to collectively achieve it.

Our 2023 to 2026 corporate strategy

We continue to build the bridge to a better future.

After year one of our four-year strategic plan, we're confident in our direction. We've refreshed and recalibrated our previous strategy, making targeted refinements to reflect where we've been and where we want to go, all the while staying oriented to our purpose.

The context we operate in is always changing, reshaping the needs associated with insurance and financial services. Technological advances are redefining business models and behaviours. Increasingly perilous impacts of climate change have widened protection gaps, threatened affordability and increased the need for uniquely tailored advice. Rising inflationary and interest rate pressures have added to the financial insecurity many Canadians face. Our strategy was designed to anticipate and navigate evolutions in the world around us so we can stay relevant and competitive to our members and clients.

Our strategic performance dashboard

Our 2023 to 2026 strategic plan has five strategic dimensions. Our Co-operative Identity is the dimension at the heart of our strategy. The outcomes we deliver rest in the dimensions of Client Engagement and Profitability and Growth. Finally, the dimensions of Business Capabilities and Workforce Capabilities enable us to achieve our strategy.

Why we do everything the way that we do it	**Co-operative Identity**	
What outcomes we'll deliver	**Client Engagement**	**Profitability and Growth**
How we'll get there	**Business Capabilities**	**Workforce Capabilities**

Our strategic perfomance dashboard (page 20 to 25) provides an overview of our strategic performance by strategic dimension. For full descriptions and discussion related to each key performance indicator, see page 146. For target status, if the target is due in 2026, terminology is "above expectations", "on track", or "below expectations". If the target is due in the current reporting year, terminology is "exceeded", "achieved", or "not achieved".

Strategic performance dashboard

Co-operative identity

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

Metrics	Results	Target status (- / +)
Co-operative business volume **Target: $1.6 billon by the end of 2026**	**$1.46 billion**	On track
Member engagement	**93%**	On track
Community contributions **Target: 4% to 4.5% of net income before taxes each year**	**4.1%**	Achieved

Target status

If the target is due in 2026, terminology is "above expectations", "on track", or "below expectations". If the target is due in the current reporting year, terminology is "exceeded", "achieved", or "not achieved".

Strategic performance dashboard

Client engagement

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

Metrics	Results	- Target status +
Co-operators brand awareness **Target: Within 5% of Insurance & Wealth Competitor Average by the end of 2026**	**Awareness: 47%**	On track
Omni channel client experience **Target: Top 5 Relationship NPS among our peer group by the end of 2026**	**Tied for 3rd**	On track

Strategic performance dashboard

Profitability and growth

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

Metrics	Results	- Target status +
Operating revenue growth **Target: $7.7 billion by the end of 2026**	**$5.81 billion**	Above expectations
Wealth assets under management/ administration growth **Target: $7.9 billion by the end of 2026**	**$5.79 billion**	Above expectations
Client growth **Target: 1.07 million by the end of 2026**	**982,547 clients**	Above expectations
CGL operating revenue growth excluding private passenger **Target: $5.4 billion by the end of 2026**	**$4.04 billion**	Above expectations
Advisors' operating revenue growth excluding private passenger **Target: $345 million by the end of 2026**	**$287 million**	On track

Strategic performance dashboard

Profitability and growth (cont.)

Metrics	Results	- Target status +
P&C expense ratio Target: At or better than industry by the end of 2026	**30.3%**	On track
P&C combined ratio Target: 95.7% by the end of 2026	**104.4%**	Below expectations
Life general expense ratio Target: 17.5% by the end of 2026	**22.2%**	Below expectations
Life return on equity (shareholder) Target: 13% to 17% each year	**17.2%**	Exceeded
CGL return on equity Target: 10% to 12% each year	**5.3%**	Not achieved

Strategic performance dashboard

Business capabilities

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

Metrics	Results
Emerging business models	We launched our first embedded insurance application programming interfaces (API) for events and tenant insurance. An API allows for communication between our IT infrastructure and that of our partners, enabling them to seamlessly embed the insurance experience directly into their app, platform, or website.
Adjacent business models	We invested in HomePorter, a company with an innovative home management platform that seeks to make homeowners' lives easier and more resilient. Homeowners are connected with trained professionals to receive unbiased advice and quality services to support them throughout the homeownership journey.

Strategic performance dashboard

Workforce capabilities

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

Metrics	Results	- Target status +
Global Diversity, Equity, and Inclusion Benchmarks (GDEIB) **Target: Overall GDEIB of "Progressive" (4.0) by the end of 2026**	3.93	On track
Employee engagement score **Target: At or above financial services industry average**	78%	Exceeded
Advisor engagement score **Target: 55% to 60% by the end of 2026**	44%	On track

Value creation

The path to success isn’t a straight line. It’s a circle.

The investments, insurance solutions and advice we provide are designed to meet the needs of our members, clients and communities. Over time, our offerings lead to positive impacts and outcomes that improve the financial security, sustainability and resilience of our key stakeholders and our communities. In turn, this strengthens our co-operative so we can continue the cycle.

The people we serve	Inputs	Outputs	Outcomes	Impacts
These are the people for whom we create value. These groups overlap and interact in relationship.	**Our stakeholders provide key insights, financial capital, partnerships and resources required to develop products, services and solutions to meet their needs.**	**We offer advice and solutions that build financial security and community resilience.**	**Our relationships, products, investments and operations lead to positive outcomes for the people we serve.**	**In pursuit of our vision to be a catalyst for resilient, sustainable society, we strive to create positive environmental, social and financial impacts.**
Clients	$5.81 billion in operating revenue	$2.77 billion in claims and benefits paid to clients	Our advice, products and services meet our clients' needs and build trust.	Our clients and their families have financial security.
	$63.0 billion in assets under administration	We help institutional investors and Canadians build their wealth.	Our sustainable, impact and climate transition investment strategies offer market-rate returns and solutions to environmental and social challenges.	More capital flows toward the resilient, sustainable and net-zero emissions economy.
Our member organizations and their members	$1.46 billion in member and co-operative business	$30.8 million in member loyalty payments distributed to members	Our members and their members are engaged and receive benefits that build their financial security.	The strength of our members supports a thriving co-operative sector in Canada.
Communities and partners	Community partnerships and collaborations provide insights into unmet needs in communities.	$12.2 million contributed to charities, non-profits and co-operatives	Community partnerships increase access to mental-health supports, healthy environments, and meaningful employment.	Canadian communities are becoming more sustainable and resilient.
Employees	7,245 employees offer their time and talents to deliver on our purpose	$805.0 million total in salary, benefits and employee incentive amounts paid to employees	Our employees are financially secure and engaged with a strong sense of purpose at work.	We have a diverse and inclusive workforce who are well-supported in living healthy and fulfilled lives.
Financial Advisors	436 exclusive Financial Advisors provide financial services and advice across Canada	$370 million in Advisor operating revenue	A strong brand and top-line products support our advisors in building a strong book of business.	Our advisors are growing their business and feel supported in their ability to meet the needs of their clients.

**For a full list of our memberships, affiliations and partnerships, see our Supplementary Disclosures at cooperators.ca/reports.*

As an insurer, we protect against risk

Insurance has been one of the most fundamental ways we've helped our clients attain financial security, ever since we were founded back in 1945. Today, whether protecting personal and commercial properties against physical risks, or insuring the lives and livelihoods of Canadians, our multiple insurance lines of business are designed to provide Canadians with peace of mind in the face of uncertainty.

Insurance

Insurance solutions for a changing world

Across our group of companies, we provide a wide range of insurance solutions to a diversity of clients. These solutions protect lives, homes, farms, vehicles, personal property and liability, as well as businesses, assets and employee well-being.

The world of risk is changing. Whether it's increasing climate risk, the rapid advancement of technology like artificial intelligence, geopolitical conflicts and instability, or financial pressures from inflation and fast-rising interest rates, our products and services deliver on our purpose.

To address the changing nature of flood risk, we provide Canada's first and only overland flood and storm surge insurance product – Comprehensive Water – that offers coverage to all Canadians, even those living in the highest flood risk zones. In 2023, we provided coverage to more than 700,000 Canadian households through Comprehensive Water, and we expanded our overland flood and sewer back-up coverage options for commercial clients.

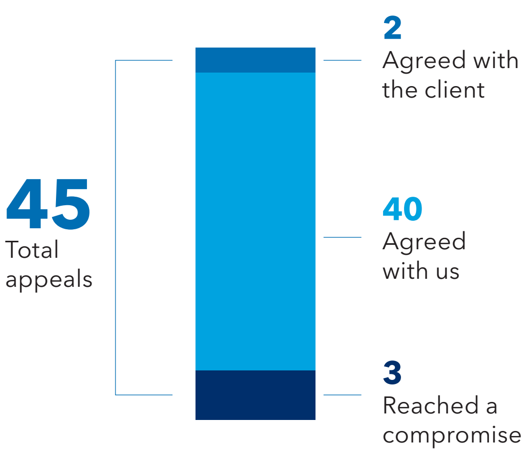
In auto insurance, inflation, technological advancements, and a need for specialized labour have coalesced to increase both the cost of vehicles and the cost for repair – which has led to a concerning rise in claims costs. There has also been a sharp uptick in vehicle theft driven by organized crime, supply chain issues, and increasing demand. Canada has seen, on average, a car stolen every six minutes, resulting in significant costs – both to individuals and to society. In response, we've partnered with Tag, a leader in stolen vehicle recoveries, to implement an anti-theft device pilot program in Ontario. The pilot's success resulted in the December launch of a program that makes Tag's technology available at a competitive purchase price for all existing and new auto clients.

As consumer debt continues to increase in Canada alongside rising interest rates, it's imperative that we help Canadians and Canadian businesses grow and maintain their wealth. We've expanded into the creditor specialty market space, protecting mortgage brokerages, specialty lenders and financial institutions with a wide range of coverage, providing financial security for Canadians and the financial institutions that support them in times of volatility.

At the same time, we're focused on protecting Canadians through our life, health and group benefits products, understanding that financial security exists in a close relationship with wellness. In 2023, we expanded our group benefits wellness offerings, including enhancements to our Wellness Now online portal with a fitness app, interactive mental health tools, personal well-being toolkits, health risk assessments, and self-led care modules. We also increased benefit maximums and flexibility to the psychology category of our paramedical practitioner benefits, to help plan sponsors better support the mental health of their members.

Service Review Panel

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



Our insurance products must evolve alongside the changing nature of risk, so we can deliver on our purpose in a world of rapid transformation.

Q&A

We help Canadians understand, navigate and protect against risks

As a variety of issues and trends increase risks and drive up the cost of insurance, Co-operators has a critical role to play in partnering with our clients to build their resilience. Lisa Guglietti, our executive vice president and chief operating officer of property and casualty, discusses the importance of insurance protection as a key contributor to Canadians' overall financial security.

Lisa Guglietti
Executive Vice President and Chief Operating Officer, P&C Insurance Solutions

What issues or trends are top of mind for you in 2023?

Lisa Guglietti: In a word, affordability. Insurance is a simple business at its core. Like other businesses, as our "input" costs go up, the price we need to charge for goods and services goes up by a corresponding amount. In a world of increasing volatility, this creates an affordability challenge for many Canadians, and a cost challenge for our industry.

Take auto insurance, for example. The cost of new vehicles and repairs, and technologies that require specialized and often costlier labour, have led to increased costs when a claim occurs. Vehicle theft is also a major issue we need to address here in Canada.

And with home insurance, higher inflation alongside increased demand for goods has driven up the cost of rebuilding. A shortage of skilled trade labour and supply chain disruptions have resulted in longer delays. Claims stay open for longer, which results in longer disruptions to Canadians and higher additional living expenses. This is all exacerbated as climate-related impacts are hitting communities harder and more often.

"The big issue is, of course, climate change. Extreme weather has become more sudden, more frequent, and more severe in Canada, and so has the cost to Canadians. As a co-operative, this is very concerning to us."

LG: The trend is clear and alarming. For the industry, in the 18-year period leading up to 2001, insured losses due to severe weather averaged $440 million per year. In the decade that followed, they were approximately $675 million a year on average. From 2011 to 2020, losses averaged $2.3 billion per year, and in 2022 that figure grew to $3.4 billion. In 2023 – the total insured losses for the industry equalled $3.1 billion. That number could have been much higher had the winds shifted toward more densely populated areas during any one of the devastating wildfires that burned in Canada in 2023.

Added to the other cost pressures I mentioned, insurers and reinsurers have a real cost challenge. This translates into higher premiums at a time when many Canadians are stretched to the limit. We're working to develop and enhance our insurance products, invest in climate mitigation and adaptation solutions, advocating all orders of government and forging partnerships to make communities more resilient to climate change. Insurance is one part of the solution, but it's not the full solution. It's going to take a collective effort to solve the risk problem.

What can we do to ensure we're supporting the financial security of Canadians through our P&C business?

LG: We need to ensure that our products adequately protect against the risks people face. It was with this mindset that we developed Comprehensive Water back in 2016, when Canada still didn't have an available flood insurance product on the market. As of 2023 we are still the only insurer to provide coverage for all levels of flood risk, including storm surge. But we also need to do more to educate Canadians. We know with flood risk, for example, that 94% of Canadians living in high-risk flood areas have no idea they are at risk, based on a 2020 study we commissioned with Partners for Action and the University of Waterloo. At Co-operators, we've created a personalized flood risk assessment tool available on our website where any Canadian can enter their postal code and find out their risk.

"An increasing number of Canadians just aren't well-protected against the risks they face. Often these people are from vulnerable populations that have been marginalized in society. Our purpose compels us to provide solutions."

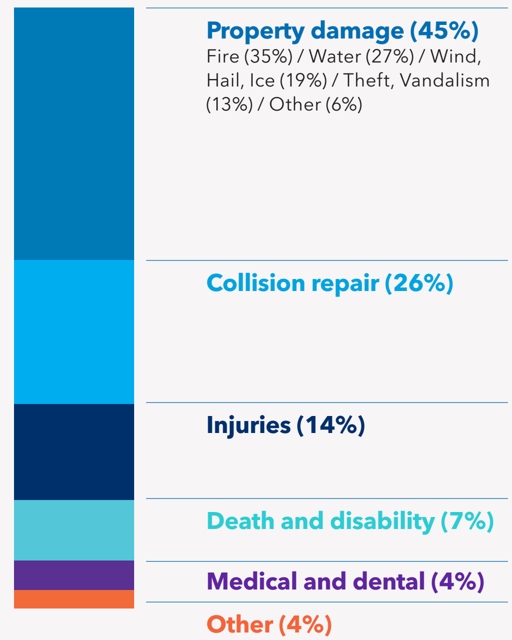
LG: We need to show up in our communities as trusted partners and risk experts who can help clients navigate uncertainty and make informed choices. I would love it if Canadians called up their insurers before they bought important things like new cars or new homes to have conversations that help to ensure they understand the full "carrying" costs of these purchases – including the cost of insurance. Together, we can build strong risk literacy and financial literacy. Coupled with the right protection, we can bring more Canadians toward financial security.

Total amount paid to clients in claims and benefits in 2023

$2.77 billion

2022: $2.39 billion   2021: $1.89 billion

Claims and benefits paid by type to clients in 2023



Q&A

Insurance, reimagined

Our Resilience and Sustainability program rolled out nationally in 2023, with claims processes designed to reduce environmental impact while saving claims costs. With costs saved, we are reimagining and enhancing our products and services to help our clients rebuild with sustainability and resilience in mind. Steve Nitschke, senior manager of national property claims, and Michelle Laidlaw, associate vice president of national product portfolio in personal insurance lines discuss the new program.

Michelle Laidlaw
Associate Vice President
National Product Portfolio,
Personal Insurance Lines

Steve Nitschke
Senior Manager
National Property Claims

What problem are we trying to solve through the Resilience and Sustainability program, and why have we decided to create an innovative solution in the market?

Michelle Laidlaw: Climate change is having a significant impact on our communities. Part of being a catalyst for sustainability means we need to look to our product offerings to help our clients adapt to the risks that they face. As storms increase in frequency and severity, we're working on solutions that protect Canadians against climate risks, while building their resilience and financial security.

Steve Nitschke: Looking at climate change as it relates to our industry, insurers need to acknowledge that we're contributing to the problem with how we currently operate. Typically, when a client makes a claim, insurers remove the damaged property and replace it with materials of similar quality. This creates waste – approximately 116,000 tonnes annually from Co-operators alone – but like Michelle said, it also misses an opportunity to help our clients adapt and reduce their future risk. We need to move toward a loss prevention mindset while also looking for opportunities to reduce the waste generated in claims.

What are you and your area of the business focusing on?

SN: We're identifying and implementing sustainable claims practices to save costs and reduce waste generated by insurance claims. In 2023, we launched our first two sustainable claims practices nationally: Drying in Place (DiP) and cleaning of soft contents. These two practices generated $4.6 million in cost savings that will enhance our products and help clients adapt to our changing climate. We've also diverted waste from landfills, which has resulted in an approximate emissions reduction of 253 tonnes of carbon dioxide equivalent (tCO2e).[*] And this is just the beginning.

ML: My team and I work to reinvest cost savings resulting from sustainable claims practices to develop product solutions that will improve our clients' resiliency. We know there are more sustainable ways to rebuild. If homes are rebuilt to be resilient against future risks, we enhance our insurance products and increase their value to our clients and communities.

How does minimizing environmental impact help build the financial security of our clients and communities?

SN: We can reduce the cost of a claim, reduce the time it takes to complete repairs and reduce the amount of waste generated from a claim all at the same time. This contributes to our clients' financial security. On a societal level, when we cut waste, we use less material when rebuilding after a loss. This reduces the burden on our supply chain and limits the energy required for construction and transportation. Reducing waste is a top priority on the zero-waste hierarchy pyramid to build a more circular economy. A lot of what is disposed can likely be recycled, reused or recovered. We can contribute to developing processes and markets to prevent materials from being disposed of in the landfill, and potentially create new opportunities for co-operatives in the process.

We talk about the need to rebuild homes and communities after an event occurs in ways that are more resilient. How are we adjusting our products to make this happen?

ML: We have two major areas of focus. The first is implementing the Insurers Rebuild Stronger Homes principles from Western University's Institute for Catastrophic Loss Reduction into our coverage. This will help us rebuild after claims events in ways that make homes more resilient to future loss. For example, installing resilient roofing will protect homes from future wind or hail events. Second, we're making improvements to our Enviroguard coverage that enables clients to build back with more sustainable materials, decreasing the greenhouse gas impact of our insurance portfolio.

What have been the biggest challenges we've faced?

ML: Time has been one of the biggest challenges – there is urgency to get this work done; however, it requires a significant change in mindset and product design, as well as extreme focus and alignment to ensure positive results. We need to take some time to gather client feedback to ensure that our product development and claims practice changes are meaningful to our clients and will be accepted by the market. This has been critical for us in building new and innovative processes.

SN: Our assumptions and biases can get in the way of doing things differently. Assumptions – like sustainability means increased cost – clients won't uptake the offerings – or it will take too long to rebuild with resilience and sustainability – have all been proven incorrect, and in fact, we are finding there is a strong business case for sustainability in insurance. And, our research shows that not only do Canadians want these solutions, they expect this of us.

What inspires you most about this program?

SN: We can have a positive impact and catalyze sustainability in an immature and emerging space in the Canadian insurance market. We've shown in the past that we can take a leadership role and change business as usual (as we did with flood insurance). Today, we have an opportunity to prove the business model for resilience, and encourage others to follow suit to help improve financial security for all Canadians and communities.

ML: We can't afford to sit on the sidelines and ignore these problems. We need to take action. This program is one way that we can improve the resiliency of Canadians today and for future generations.

Sustainable claims practices initial results

$4.6 million

Cost savings

253 tCO2e*

Reduced GHG emissions

Emissions from claims are currently outside of our operational greenhouse gas emissions scope. These reductions are estimations based on available data.

Special feature

Climate change and increasing physical risk

As climate change redefines the risks that communities are exposed to, we think beyond insurance protection, expanding our focus into physical risk reduction and loss prevention, at both the household and community levels. Bringing our expertise to bear, we are modelling climate risks, adapting our products, and advising our clients on how they can build resilience.

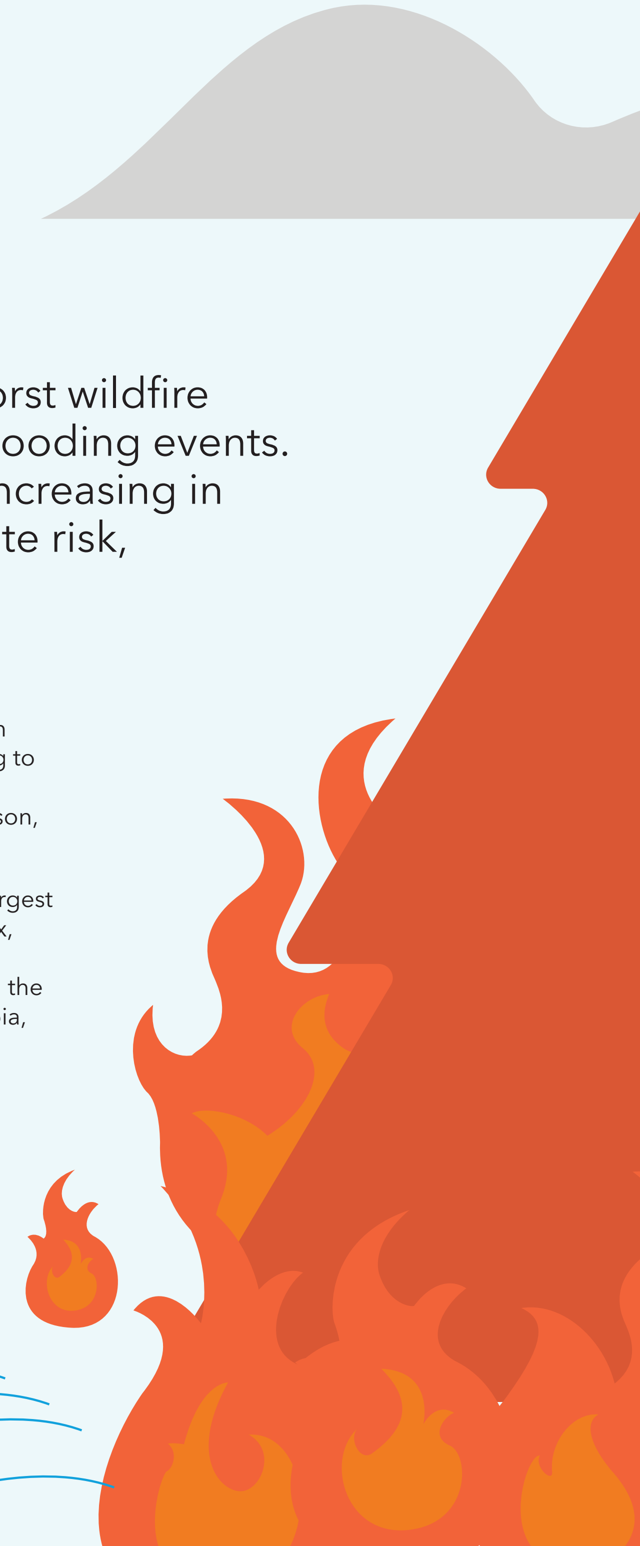
A year of climate perils

Canada experienced a wide variety of climate events in 2023: the worst wildfire season in recorded history, severe hail and windstorms, and spring flooding events. With total climate-related insured losses of $3.1 billion, the trend is increasing in frequency and severity. With communities bearing the brunt of climate risk, we – as risk experts – can guide Canadians toward resiliency.

A nation on fire

Without a doubt, wildfire topped the climate-risk radar for our country in 2023, with extreme heat, drought and convection storms coalescing into a wildfire season that shattered records in terms of number of wildfires and area burned. According to Natural Resources Canada, more than 6,600 wildfires had burned a staggering 18.4 million hectares of land by the end of 2023 – an area larger than Greece and more than double that of the previous Canadian record. In a normal wildfire season, an average of 2.5 million hectares of land are consumed in Canada.

In Atlantic Canada, wildfires burned in Newfoundland, New Brunswick and Nova Scotia, with the latter experiencing the largest of recorded wildfires in its history. Four out-of-control fires raged across the province, creating impacts on cities like Halifax, which saw roughly 200 structures destroyed. Quebec was particularly hard hit in 2023, with the most area burned of any province at 5.2 million hectares. Smoke from the Quebec and maritime fires blanketed much of southwestern Ontario and the northeastern United States, seriously degrading air quality in Montreal, Ottawa and Toronto. In Alberta and British Columbia, the story was much the same, with more than 3,100 wildfires burning between early spring and late fall. And, in the Northwest Territories, massive fires loomed over Yellowknife, causing socioeconomic turmoil, emotional distress, environmental devastation, and the evacuation of approximately 19,000 people.



Co-operators clients submitted $61.3 million in wildfire-related claims. In 2023, the devastation, disruption and climate anxiety felt by communities, from coast to coast to coast, were a resounding wake-up call – in Canada and globally – that more needs to be done to build resilience in the face of rapidly rising risks.

Supporting community-led efforts to reduce wildfire risk, we've been partnering (since 2005) with FireSmart Canada, the Institute for Catastrophic Loss Reduction, and the National Fire Protection Association on Wildfire Community Preparedness Day projects and wildfire-prevention activities. In 2023, we supported 230 communities across 10 provinces and two territories (with the exception of Nunavut), helping these communities promote measures that homeowners can take to reduce wildfire risk. This represents a notable increase in community applications and awards.

To incentivize wildfire resilience, we launched a pilot program with FireSmart BC that cross-promotes our FireSmart premium discount and their Home Partners Program. The aim is to engage homeowners in voluntary wildfire-mitigation activities through a professional home assessment that provides property-specific recommendations.

In 2023, we embarked on a project in Lytton, BC, to help homeowners who were devastated by a catastrophic 2021 wildfire that caused $102 million in insured losses, claimed two lives and forced the evacuation of nearby First Nations communities.

We committed up to $5 million in financing that will enable residents to take advantage of federal government grants and rebuild their homes with wildfire-resilient and net-zero upgrades. Working in partnership with PacifiCan, Beem Credit Union and the Village of Lytton, this innovative initiative is part of our Resilience Investing work, further described on page 70.

Wind, hail and convection storms

Severe thunderstorms, tornadoes, derechoes and hailstorms continue to impact Canadians, with concentrated events often carrying large financial and emotional costs. In 2023, Co-operators clients submitted $68.3 million in claims due to wind, hail or convection storms. The most-significant event occurred in southern Ontario, in August, resulting in $11.7 million in claims submitted. To support rapid auto-claims response following a hailstorm, we provide "hail clinics," where we partner with a local body shop to schedule repairs with clients. In 2023, 16 clinics were set up in Alberta and Ontario, operating 12 hours per day, six days a week. We have received very positive responses from our clients.

Flooding events

We saw significant wind and flooding in early 2023, during a widespread rain event that covered the areas of Ontario and Quebec. This single rainfall resulted in $23.5 million in claims submitted by clients across the regions. In addition, flooding related to summer rainfall events in Halifax, Quebec and Ontario resulted in more than $24.6 million in claims submitted.

Modelling the future to protect the present

Through our Climatic Hazards and Advanced Risk Modelling (CHARM) team, we are developing and using sophisticated risk models to understand our exposure to climate-related risks like floods and wildfires, plan for the financial impact of climate-related scenarios, and inform decisions related to how we design and deliver our insurance products. Eliot Gregoire, senior manager of CHARM discusses how we are sharing our expertise to raise awareness of the risks and supporting the data-informed adoption of climate resilience.

Eliot Gregoire
Senior Manager, Climate Hazards and Advanced Risk Modelling

"As we become better at modelling the impact of future scenarios, we are better equipped to plan, prepare for, and prevent climate-related risk. As a result, we're better able to tailor solutions to an individual household's climate risk and protect their financial security."

How does climate-risk modelling enable us to design insurance solutions in a rapidly changing world?

Eliot Gregoire: As a society, much of our understanding of the potential impacts of climate change is informed by scientific, data-driven models, which have forecast the impacts of risks under different scenarios of warming. As we become better at modelling the impact of future scenarios, we are better equipped to plan, prepare for, and prevent climate-related risk.

The CHARM team at Co-operators is an industry-leading engine of data analytics and risk-modelling through which we analyze high-resolution geographic information, and use this information to better understand and predict anticipated impacts of climate change – namely, how several natural hazards, including floods, hurricanes, and extreme weather, impact our clients and our business. In the case of overland flooding, we've got this down to the household level. And, through this modelling, we've developed a flood-insurance product, Comprehensive Water, that is appropriately priced for all levels of risk.

How are we using risk-modelling to build financial security for Canadians and our communities?

EG: As computing power improves, we continue to update our models to better enhance our products and our pricing. We know that household to household, risk varies – due to several factors such as grade of property or surrounding infrastructure. As models improve, we can better match pricing and coverage to individual risk, as well as measure how interventions to mitigate risk might proportionally reduce that price.

In 2023, we improved our coastal modelling and made updates to fluvial models (where bodies of water like a river overflow due to a significant flood event), which will be implemented going forward. We also updated flood simulators to measure the impact of fluvial and coastal flooding on our commercial properties, which has enabled us to provide this endorsement where there has historically been a gap in the market.

We have also increased the speed and scale of ongoing work to develop a wildfire-simulation tool. Wildfire is a difficult peril to quantify because of the complexity and unpredictability of the risk. This is an emergent space in Canada, and we are on the leading edge. We've already built capabilities to model wildfire risk, and we utilize these models internally, to better understand fire under current climate conditions. There is much further to go, so this is a space to watch.

What is the greatest challenge you face?

EG: I think our greatest challenge is technological capacity, and the need to balance increasing expenses with the urgency and scale required of this work.
We need infrastructure improvements like expanded data storage so we can run increasingly complex and sophisticated models. As we see more and more use of AI-supported solutions, we will need to ensure we have the capabilities – both from a resource perspective and a computing-infrastructure perspective. The good news is we don't have to do it alone. We believe in a whole-of-society approach, and we're experts at forging strategic partnerships and collaborations toward a common goal.

As a financial services provider, we help secure the future

Our wide range of investment and wealth planning products, solutions and advice are positioned to build the long-term financial prosperity and stability that Canadians and businesses require to navigate times of uncertainty and recover when unexpected challenges arise. Through sound financial planning, we can help lay the groundwork for financial security and resilience.

Financial services and advice

Building wealth for future prosperity

Helping clients map their personal pathways to financial security – especially amid rising economic pressures – begins with understanding their unique circumstances and needs.

$2.75 billion

Retail wealth assets under management and administration

For many Canadians, financial challenges defined 2023. A greater proportion of spending is going toward groceries, rent and rising interest on mortgages and credit, and less toward saving for the future. That means that wealth planning may not be as much of a priority for a widening subset of Canadians who are finding it difficult to stay financially afloat. But wealth shouldn't be only for the wealthy. Everyone's journey toward better financial health must begin somewhere.

Our purpose compels us to provide financial security for all Canadians. We have taken a data-driven approach to understanding the gaps that exist and the needs that are unmet for a growing proportion of Canadians who find themselves left behind by the financial sector.

In 2023, we conducted a survey of 1,500 Canadians, which found that only 33% felt positive about their financial situation, and nearly half were worried that their income would not keep pace with basic expenses.

At the same time, the survey found that a majority of Canadians who worked with a financial advisor agreed that advisors helped them feel confident about their financial decisions and worry less. Financial advice is critical for Canadians looking to plan their financial futures with confidence, especially in times of uncertainty.

We do not require that our clients maintain minimums to invest, enabling more Canadians to access wealth planning, investments and advice, regardless of their current financial status. Our Co-operators-branded mutual fund dealer offers a suite of mutual fund products that are delivered through over 600 Mutual Fund Investment Specialists across Canada, who help their clients plan ahead and build wealth.

Our range of quality mutual funds from Canada's leading fund managers, together with Sustainable Investment Portfolios, Segregated Funds, Variable Rate Option and Guaranteed Rate Option Accounts and Annuities help meet our clients' wide range of wealth planning needs. We continue to grow this aspect of our business. At the end of 2023, we had more than $2.7 billion in retail wealth assets under management and administration.

Regardless of their level of wealth, we believe all clients can benefit from financial advice, which is why we've strived to ensure our products, services and advice don't leave lower-income Canadians behind.

Q&A

Planning for the future, living for today

Sandy Alfonsi
Financial Advisor
and Mutual Fund
Investment Specialist

"What inspires me the most is the chance to make a real difference in people's lives. It's truly a privilege to work with my clients and help them build a solid financial future. Every situation is different and finding solutions to meet each client's needs is a challenge I welcome and enjoy."

Thinking about the financial security of Canadians in 2023, what big issues do they face in planning for the future?

Sandy Alfonsi: One big issue is the lack of financial literacy. It's a crucial life skill, but many people just don't have it. I believe this lack of knowledge contributes to consumer debt because folks struggle to make sound financial decisions. Also, with skyrocketing house prices, high interest rates, and the current economic climate, it's getting tough for the average Canadian to stay afloat.

What advice do you give to someone who might be struggling financially right now, in terms of building wealth and saving for retirement?

SA: My first piece of advice is to partner with a financial advisor you trust. It can be a game-changer. Don't get discouraged, and remember, resilience is key. Start by creating a solid financial plan and stick to it. Focus on what you can control, like managing your expenses. We're going through tough times, and discretionary income is scarce in many households. So, take a closer look at your budget and cut out unnecessary expenses to boost your financial growth. Every little bit helps! An advisor can provide tax effective solutions and strategies to help you reach your goals. They know how to make the most of the best investment tools available to Canadians, whether it's for your first home, your kids' education, or your retirement.
They'll help you maximize your investment dollars.

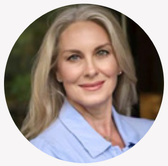
What are the biggest challenges you face today, in terms of supporting your clients in their personal wealth journeys?

SA: A lot of clients are feeling discouraged given our current reality. They believe that owning a home or retiring at any age is nearly impossible.
My advice is simple: start or stick to a financial plan. These past years, 2022 and 2023, have been tough due to inflation, rising interest rates, the bond market's decline, market volatility, and soaring housing prices. All of this takes a toll on people's emotions. The key is to stay focused on what you can control – your plan. Invest based on your risk tolerance, time horizon, goals, asset diversification, and the amount you can afford to regularly invest. Avoid making emotional investment decisions because market cycles will always be there.
A well-thought-out financial plan will guide you through uncertain times.

Q&A

Investments designed with a sustainable future in mind

As we help clients plan their financial futures and build wealth, we can have a positive impact on the well-being of our environment and our society. Co-operators Sustainable Investment Portfolios aim to deliver a market-rate return on investment, while advancing and scaling solutions to environmental and social challenges. Sandra Kamstra, vice president of wealth management discusses how we are supporting a growing number of Canadians who want to grow their wealth sustainably, for people and the planet.



Sandra Kamstra
Vice President,
Wealth Management

What is sustainable investing, and what types of funds do Co-operators Sustainable Investment Portfolios include?

Sandra Kamstra: Broadly speaking, sustainable investing considers environmental, social and governance (ESG) factors within investment decision making. It is based on the belief that in the long-term, companies with better sustainability practices will outperform peers with poorer practices and therefore make for a better investment.
At Co-operators, it also means a commitment to actively engaging companies on sustainability issues to try to push them to do better. Certain strategies are labelled as "impact investing," which does all of the above, and also intentionally seeks investments that provide measurable positive environmental or social outcomes, while providing market rate or better financial returns.

Our Sustainable Investment Portfolios include investment strategies overseen by our asset management company, Addenda Capital, and are assessed through rigorous ESG factors. One example is Addenda's Impact Fixed Income Strategy, a sub-component in the Addenda Mutual Funds used within the Co-operators Sustainable Investment Portfolios. This strategy invests in securities that are focused on positive impacts, such as building rapid transit systems, renewable energy projects, affordable housing developments and bike lanes.

Why should Canadians consider Sustainable Investment Portfolios?

SK: Investing in a sustainable, net-zero emissions economy is a good strategy because these investments are inherently designed to drive positive outcomes. They help ensure our planet and our society can support a robust economy for generations to come. The economy exists within the sphere of society, and society exists within the sphere of our planet. They cannot be disconnected.

Take climate change, for example. The climate crisis threatens the stability of our economy today. If we continue on our current trajectory, the economy will become much more unstable in the future. By investing a subset of our mutual funds in climate transition and solutions, and by actively engaging investee companies on climate change, we can reduce the risks and better capitalize on future opportunities.

What about the financial returns? How do Sustainable Investing Portfolios compare to other mutual funds?

SK: Our goal with sustainable and impact investments is to deliver market or above-market returns. We design our impact investing strategy to create compelling, market-rate financial returns alongside supporting positive social and environmental outcomes that can be measured, tracked and reported. We believe these investments will perform well over the long-term as we transition markets toward sustainability and resilience.

What challenges or barriers exist in the world of sustainable investing?

SK: Adoption is a challenge. Many Canadians want to invest in sustainable companies, but misconceptions about the cost discourages many from doing so. This concern has only been exacerbated with the increased cost of living challenges. In 2023, a Co-operators-led survey revealed that more than half of respondents (53%) were interested in supporting sustainable companies before rising inflation, living costs and interest rates "made things too expensive." This figure rises to 62% among younger Canadians aged 18 to 24.

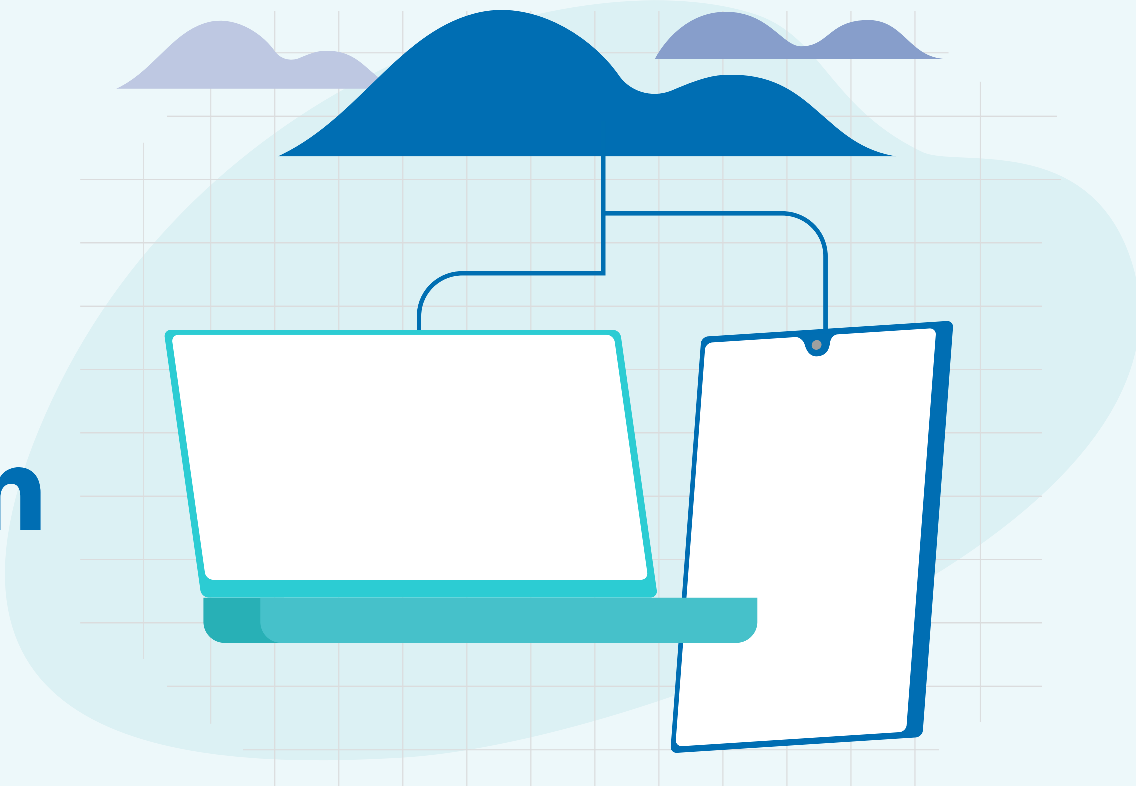
This points to a larger issue around the lack of information Canadians have when it comes to sustainable investing. We need to do more to educate Canadians about the environmental, social and financial benefits of sustainable investing. At the end of the day, we can support our clients in investing in ways that align with their personal values and achieve their long-term financial goals.

Special feature

Real advice in the digital space

Financial services are being reshaped by the widespread adoption of new technologies and online capabilities. Insurance, investments and advice are often accessed at the click of a mouse or the swipe of a finger. Yet, as advancements in data availability and artificial intelligence change the playing field, we've kept our focus on building a culture of digital trust with our clients, ensuring that our digital evolution – as part of our overall client experience strategy – reflects our purpose, our vision and our values as a co-operative.

Our digital transformation continues



The world is increasingly digital. When engaging with a business, clients expect digital options, whether it's through self-serve capabilities or it's complementing their in-person and over-the-phone interactions.

By investing in digital platforms and processes, we are working to create capacity for our Financial Advisors to focus more on providing advice-based services. That means freeing up time for client-facing staff to better personalize their client interactions.

In 2023, one year after we first offered the online capabilities for clients to get a quote for and purchase home and auto insurance, we saw about 30% of home and auto quotes coming from digital channels. As we think about the future of insurance, we envision our operations as a connected ecosystem of in-person, mobile and online channels, all orchestrated to support clients. By leveraging technology and maintaining a human touch, we can reach new markets and meaningfully connect with diverse audiences, despite geographical limitations.

One of the ways we've helped to enhance our digital capabilities is through our Corporate Venture Capital Fund, which exists to facilitate innovative partnerships that can develop solutions to the challenges we face as an organization and as a society. In 2023, our investment in Responsive AI – a Canadian fintech company working to scale financial advice – helped to advance a wealthtech platform that is delivering significant operational efficiencies and onboarding capabilities to our Financial Advisors, while providing a more seamless client experience. This is just one of the many ways we are working to meet the changing needs of Canadians, who are increasingly making transactions online. The Responsive AI wealthtech platform enabled the processing 65% of all of our wealth transactions in 2023.

Guiding Canadians on personalized paths to financial security

We aspire to meet our clients where they are, to be available when they need us, and to show up in the way that they need us. To do this well, we've built a strategy that ensures we're maintaining all potential channels of client interaction to a high standard – whether that's in person, over the phone, on our website or social media channels, or through our Online Services app. Emmie Fukuchi, executive vice president and chief experience officer, discusses how we're working to build a seamless client experience.

Emmie Fukuchi
Executive Vice President and Chief Experience Officer

What issues or trends are top of mind for you as we consider how the nature of our insurance and financial services business will evolve in terms of the client experience?

Emmie Fukuchi: The bar is definitely rising in terms of the online client experience. At Co-operators, we're focused on three key trends. First, we know that existing and prospective clients are increasingly expecting both digital and self-serve options. Second, the insurance sector needs to accelerate progress to keep pace with other industries in the digital space, including retail banking. The industry we're in really doesn't matter to the client – they want their insurer or financial institution to be aligned with what they expect from any other online experience. Finally, it's clear that an 'omni-channel' experience is increasingly desired, where clients navigate across multiple channels in a short period of time, and they need to be able to move seamlessly and progressively between mobile, online, in-person or over-the-phone interactions.

We're taking a "Guided Omni" approach to the client experience. Can you explain what this means, and how it enables us to better serve our clients and bring our purpose to life?

EF: For us, Guided Omni is an evolution of our existing omni-channel strategy. Rather than seeing all channels as equal for each client, we believe we can deliver an optimal omni-channel experience by guiding our clients through the best experience that will fit their immediate needs based on their profile and preferences, their specific task at hand, and the capabilities of each of our channels. It's about working smarter and seamlessly for our clients in a way that adds value to their lives.

What are the greatest challenges we face in the marketplace today, from a client experience perspective?

EF: Delivering an optimal client experience across a complex omni-channel ecosystem is difficult. Historically, client-engagement channels have been built in a more siloed way, but in a world where technology and online platforms are portable and integrated into all aspects of life, we need to work to connect and align our systems in ways that are also integrated. Data is a critical enabler in delivering an optimized experience, and we need to tap into it in a new ways to optimize the client experience. And of course, the financial services space is highly competitive across many factors, so the pace and scale of change required can be challenging.

What excites you most about the opportunities to transform our business, as we look to the future?

EF: In the past year, we launched the capability to digitally provide a quote and allow the purchase of home and auto insurance across Canada. This was a milestone achievement for our business.
Looking forward, I'm excited to build on this progress and optimize the experience across channels – from advisors to contact centres to digital platforms – for our clients. This will truly bring our Guided Omni vision to life. As we progress, we are working to deliver a seamless and optimized experience, as we help Canadians both protect what's important today and prepare for what's important tomorrow.

The evolution of embedded insurance in online platforms

Duuo by Co-operators is seizing a new growth opportunity with the launch of our first two embedded insurance solutions – event and tenant insurance. Through application programming interfaces (APIs), our approved partners can now seamlessly embed the insurance purchase journey into their online platforms. This evolution of insurance distribution is helping to address an insurance – and a financial security – gap in the digital economy.

Duuo by Co-operators was first created in 2018 as a distinct business unit; our general insurance company would provide the insurance carrier capabilities. This business is now growing and is gaining positive feedback from distribution partners and clients.

We have expanded our offering with the launch of embedded insurance solutions for approved business partners, aligning with a significant global trend that provides a competitive alternative distribution model in the Canadian market. With embedded insurance, our partners – ranging from proptech and fintech companies to credit unions and event-management platforms – can seamlessly embed the insurance experience directly into their app, platform or website.

"We're eager to become leaders in the emerging embedded insurance space in Canada. Through these partnerships, we're able to offer Canadians a seamless way to purchase reliable insurance coverage within the ecosystem of their preferred platforms."

Ryan Spinner, Vice President, Emerging Business Models

Privacy, ethics and digital trust

In an age where disinformation, fraud and cyber threats are increasingly prevalent in online spaces, and at a time when data can be used in ways that may not be in the best interest of those people providing it, it's imperative that we keep our clients' information secure and act ethically and with integrity in handling the data we collect. Through our policies, practices, employee training and data governance, we see digital trust as integral to the client experience.

With growing privacy concerns, the proper collection, use and disclosure of personal information is essential. Through our privacy policies both for insurance and investments, we prioritize transparency and accountability by providing clear language on the purposes for processing personal information in our business operations. Standards and procedures guide the proper handling of personal information and requests from individuals about our practices. We provide training to employees to educate them on their role and responsibility in our privacy program. For more information on our privacy practices, visit cooperators.ca/privacy.

Co-operators is committed to protecting the personal information of our clients and any Canadian who engages with us. 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.

We have a robust security program that encompasses access controls (restricting access to data on a need-to-know basis) and integrity controls (to maintain accuracy of information). In addition, our technological environment includes continuous monitoring to proactively identify and respond to unusual activity.

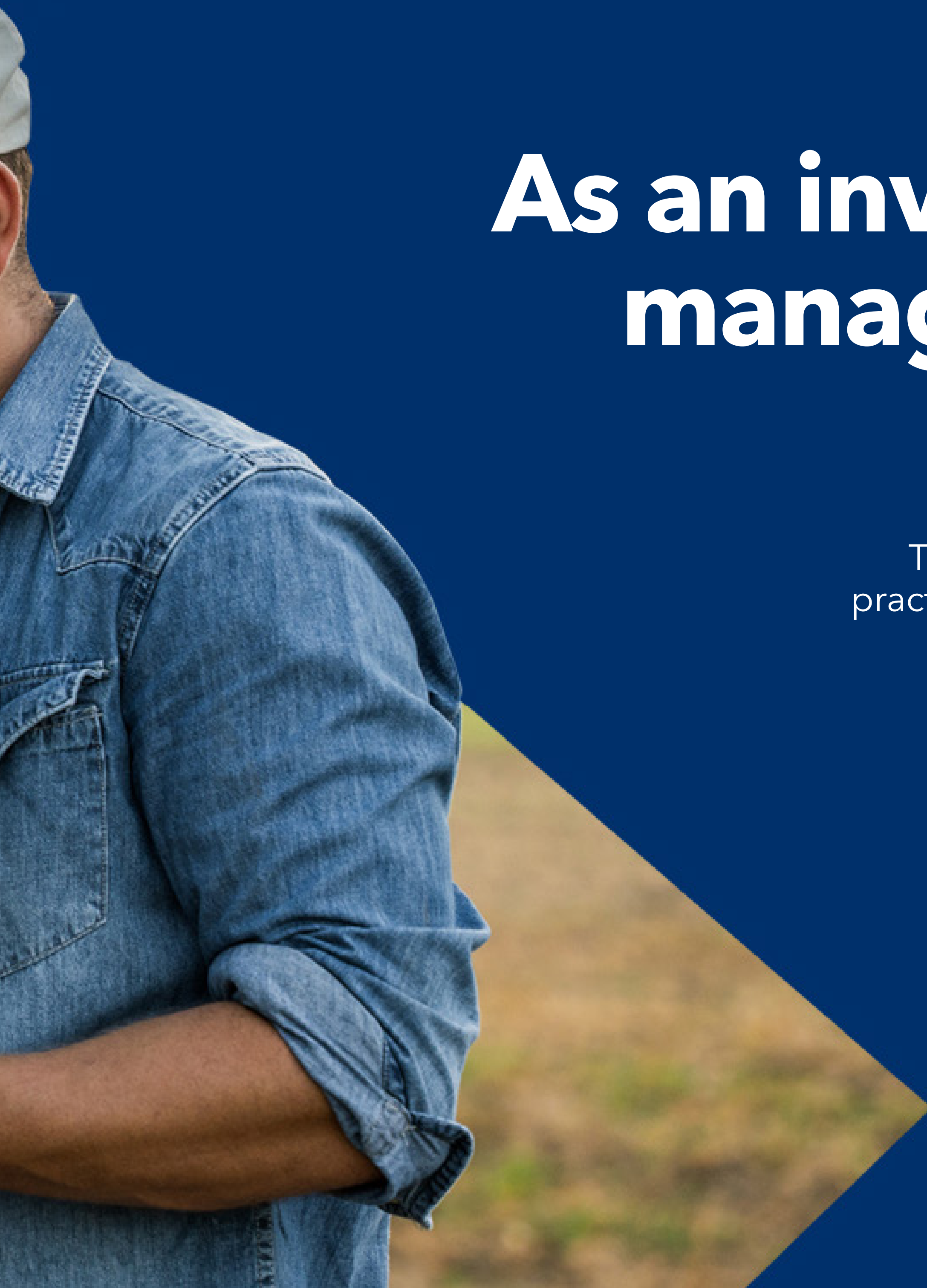
We educate clients on how they can stay safe online and ensure that their personal information is protected. This includes cyber-awareness email campaigns, online resources, and advice and best practices around fraud prevention. For more details on how we keep client information secure, visit cooperators.ca/PublicPages/security.

Cyber-literate employees who are vigilant against the rising threat of cyberattacks are critical to a successful and comprehensive cybersecurity strategy. This helps to reduce the risk of harm being done in their personal lives and, therefore, in the broader community. In 2023, we provided cybersecurity awareness training for all employees – with a 99% completion rate – and we continue to conduct cyber simulations to gauge cyber-literacy levels among our employees.

Governing generative AI

Generative AI platforms like ChatGPT™ present opportunities for organizations in terms of boosting efficiency, efficacy and streamlining operations. However, we believe there are also significant risks if not implemented carefully and intentionally. The rapid evolution and changing contexts of generative AI have resulted in what many perceive as one of the most profound advancements of our age - something that could reshape our society. Because of this, it's critical that Co-operators mindfully and purposefully considers the potential applications of generative AI in ways that are aligned with our purpose, vision and values.

In 2023, we implemented an AI Governance Working Group to create a framework to ensure our organization is using, developing and procuring generative AI solutions both ethically and safely for employees, clients and communities. The group will also be monitoring risk tolerances and compliance with relevant laws and regulations to advance the company's business objectives.



As an investor and asset manager, we catalyze sustainability

Through our investments and asset management practices, we can help shift the economy toward one that supports sustainable, resilient communities. With more than $12 billion in invested assets, we are ramping up investments in companies, initiatives and projects that provide solutions to the most pressing challenges we face, and engaging others to join us. Transforming our economy is a colossal task, but we are committed to aligning our investments with our purpose and long-term goals.

Investing and asset management

Helping organizations invest for financial security

As an asset manager, we support a wide range of Canadian businesses and organizations in investing their capital in ways that create financial strength for their pension-holders, shareholders and plan members.

$37.0 billion

in institutional assets under management

According to Statistics Canada, just 38% of paid workers in Canada were covered by an employer-sponsored retirement program in 2021, which is a significant gap to achieving financial security and well-being. Through our group wealth and retirement options, we're supporting Canadian employers in providing a range of options to support 35,944 employees in securing their retirement income on the pathway to financial security.

Our asset management company, Addenda Capital, invests Co-operators assets through a sustainability lens to generate compelling returns while considering the challenges of our time. As the gap between international net-zero commitments and tangible outcomes widens, we are committed to catalyzing a sustainable, climate-resilient and net-zero economy. For more on our impact investing strategy, see page 58.

Through Addenda, we offer investors sustainable investing strategies that aim to foster positive social and environmental changes and accelerate toward a cleaner future.

Addenda's four-pronged sustainable investing approach seeks to add value by:

1. Promoting sustainable financial markets to address systemic sustainability issues
2. Integration of Environmental, Social and Governance (ESG) factors as part of investment analysis where applicable
3. Stewardship through proxy voting and engagement
4. Offering net zero climate and impact solutions designed to invest in opportunities that have a positive impact on the planet and society.

Investing and asset management

We invest today for a sustainable future

The transition to a sustainable economy will take significant effort and substantial investment. The good news: there's no shortage of available capital to do so, and Co-operators is committed to leveraging our invested assets to support the necessary transition to a sustainable future.

As a co-operative, our investment strategy focuses on investments that generate strong financial returns alongside positive environmental, social and economic benefits. We've committed that 60% of our assets will be invested in impact or climate transition investments by 2030.

Our investing approach seeks to proactively support activity and organizations that will ultimately make our communities more resilient, sustainable places to live.

A critical part of our sustainable investing strategy is impact investing, which we define as investments that create both compelling financial returns and positive social and/or environmental impacts that are measured, tracked, and reported. These impact investments are further broken down into five themes: climate change; community development; health and wellness; education; and food, agriculture and natural resources. The vast majority - 76% - are currently focused on climate solutions. For our efforts, we were featured as a case study in the UN-Convened Net-Zero Asset Owner Alliance's 2023 Progress Report, highlighting our impact investing strategy and the high proportion of our invested assets directed towards climate solutions as a catalyzing force of the climate transition.

As part of our impact investing strategy, we've recently launched a new resilience investing initiative, focused on developing a whole-of-society approach to climate adaptation in Canada, including bringing private capital to the table to accelerate and scale the necessary infrastructure projects to help Canadian communities build their climate resilience. In 2023, we collaborated with GLOBE, the Federation of Canadian Municipalities and ICLEI Canada to engage 10 municipalities across Canada in dialogues to understand their risks and infrastructure needs to help build climate resilience in their communities. For more on this groundbreaking initiative, see page 68.

At the end of 2023, we had invested 48.4% of our total investment portfolio in impact and climate transition investments.

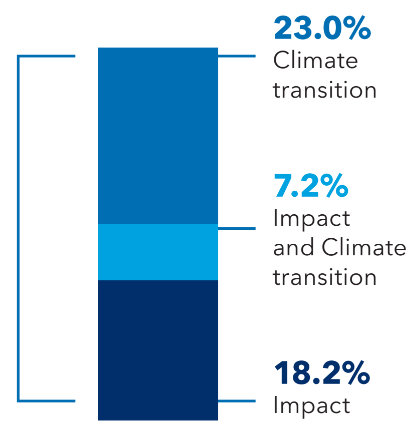
Addenda's Canadian and International Climate Transition Equity Funds were first launched in 2021 with $100 million in seed capital from Co-operators. These funds invest in companies that are making net-zero commitments. At the end of 2023, these funds held a total of $111.1 million in assets under management. As part of this work, Addenda has been actively targeting companies to ensure there is action behind climate transition commitments. We believe these commitments can help navigate shifts in consumer preferences, technologies, business strategies, and policies that are underway and likely to accelerate in the transition to net-zero carbon emissions. For more on our engagement and stewardship activities, see pages 62 and 65.

$5.90 billion

invested in impact and climate transition investments

48.4%

Total impact and climate transition investments



Investing and asset management

Impact investing by the numbers

Across our five impact investing themes, 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 change

21.4 million MWh

of renewable energy generated, enough to provide electricity to about 2 million homes for one year

Community development

Invested in projects that provided

44,918 units

of affordable housing

Health and wellness

Invested in hospitals that served

320,000 patients

per year

Education

Invested in post-secondary institutions that conferred

44,738 degrees

Food, agriculture and natural resources

Invested in companies that conserved more than

7.4 million m3

of water, enough to fill about 2,000 Olympic-sized swimming pools

*Because of reporting periods, impact values are for fiscal 2021 and 2022. These impacts do not result solely from our investments, but depict the total impact achieved by the projects and initiatives in which we invest.

Impact investing examples

Lower Mattagami Energy

Theme: Climate change
Focus area: Energy efficiency
Amount invested: $33.5 million
Impact*: 1,808,000 MWh of renewable energy produced in 2021, enough to provide electricity to about 160,000 homes for one year

Lower Mattagami Energy was established by Ontario Power Generation for the redevelopment and operation of the Lower Mattagami River Project, which includes four hydroelectric generating facilities totaling 924 MW on the Lower Mattagami River in Northern Ontario. The project is partially owned by the Moose Cree First Nation which has a 25% equity stake in the project, establishing a reliable revenue stream and employment opportunities to support economic prosperity for the Nation.

Toronto Community Housing

Theme: Community development
Focus area: Affordable housing
Amount invested: $25.8 million
Impact*: 43,776 units of affordable housing (2022)

Toronto Community Housing (TCHC) is the largest social housing provider in Canada and the second largest in North America. TCHC is wholly owned by the City of Toronto and operates in a non-profit manner.

Leveraging the investments of Co-operators Community Funds

In addition to our granting activities, our independent charitable entity - Co-operators Community Funds (CCF) with $20.1 million of invested assets - also leverages 69% of its investment portfolio in impact, transition and smaller-scale community impact investments.

One example of a community impact investment from 2023 is Windmill Microlending, a national charity that provides affordable microloans (up to $15,000) to its clients, who are foreign-trained immigrants and refugees.

Windmill supports its clients through training, career development and/or gaining Canadian accreditation – generating significant positive social and economic benefits for those it serves.

$125,000

CCF's total investment in Windmill Microlending

2,028

microloans approved by Windmill Microlending in 2023

These impacts do not result solely from our investments, but depicts the total impact achieved by the projects and initiatives in which we invest.

Net-zero investment performance

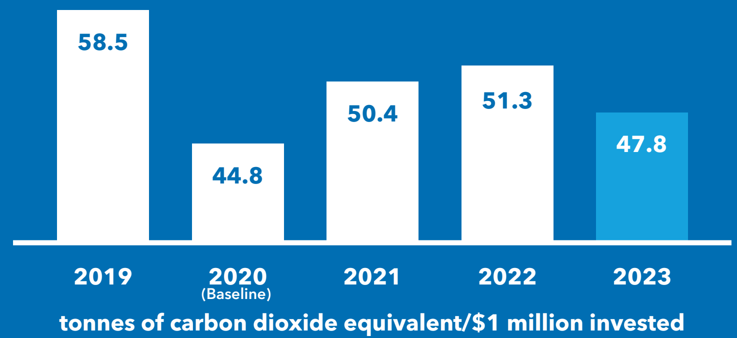
Our invested assets are a significant lever we can use to catalyze climate action for a net zero future. By 2025, our goal is to reduce the financed emissions intensity of our investments by 25% from 2020 levels (for public equities and publicly-traded bond portfolios). By no later than 2050, our goal is for our entire investment portfolio to be net zero.

Along the way, we will set new interim targets and disclose our progress toward these goals at least annually. In addition, our asset manager, Addenda Capital, set a target that 75% of its assets under management will be net zero aligned by 2030, meaning they will be managed to be on track for attaining net zero by 2050. Co-operators and Addenda are committed members of the Net Zero Asset Owner Alliance (NZAOA) and Net Zero Asset Manager (NZAM) initiative respectively, representing like-minded peers that are developing best practices and ways to reach these ambitious goals.

As part of our commitment to best practices, in 2023 our asset manager, Addenda Capital, engaged an independent third party to review its methodologies. The resulting recommendations prompted us to restate prior year results to reflect best practice and the latest available data. More details on these restatements and our methods can be found in our Supplementary Disclosures online.

In 2023, the financed emissions intensity of our public equity and publicly-traded bond portfolios decreased by 6.8% from 2022—but was still 6.7% above the newly-restated 2020 baseline (of 44.8 tonnes of CO2e/$1 million invested), when societal emissions were temporarily depressed due to the COVID-19 pandemic. Our restated baseline is 42% lower than our previously disclosed baseline, significantly increasing the level of ambition required to meet our 2025 interim target. We continue to engage actively with our corporate investees that are most emissions-intensive, as well as with public policy makers in an effort to bend the curve on societal emissions, not just within our investment portfolio.

Financed emissions intensity of Co-operators public equity and publicly-traded bond portfolios*



Results for 2020 to 2022 have been restated.

Q&A

We need to be stewards of the climate transition

Through Addenda Capital, our investment stewardship involves a spectrum of practices that catalyze progress on the climate transition and other environmental, social and governance issues, such as biodiversity, human rights, and diversity, equity and inclusion. We spoke to Andrea Moffat, Addenda's senior director of investment stewardship, about how we can utilize our role as an investor to influence companies we invest in to strengthen alignment with the direction of a sustainable, low-carbon economy.

Andrea Moffat
Senior Director of
Investment Stewardship
Addenda Capital

Using climate change as an example, how does stewardship help us achieve our vision of catalyzing a sustainable, resilient society?

Andrea Moffat: Transitioning our economy from one based on a high carbon energy system to one that is net zero and climate resilient is a complex task. The same is true for other sustainability goals. Stewardship is about using our role as an investor to contribute to this system change. We do this by building relationships and engaging a wide range of stakeholders to move in the same positive direction. Using this collaborative approach to provide input to policy makers, for example, influences how rules and standards are set to drive actions and to mobilize capital for climate transition. This helps Canadian companies transition their business strategies including producing the solutions needed for the future, preparing to deal with disruptions to their supply chains and more.

"We want companies to develop successful climate transition plans, disclose emission reductions and demonstrate performance improvements, so they are resilient and contributing to a sustainable economy."

AM: Climate transition will take time and requires changes to all components of corporate management. By engaging with companies, we can encourage them to make commitments and implement net zero targets that are aligned with scientific decarbonization and net zero pathways and report on their progress.

Can you give an example of 2023 stewardship activities that have had a positive impact towards the climate transition?

AM: There are so many, but I'll share one resulting from a recent direct engagement with a utility company. Addenda had several objectives going into this engagement. We asked them to update their climate goals to align with government commitments to 100% clean electricity by 2035; to disclose more specifics on their adaptation and resiliency plans; and to share their strategy on a just climate transition for their workforce, and Indigenous Reconciliation plans, just to name a few objectives. In response, we learned specifics about their investing strategy in addition to challenges with regulatory structures to support transition investments. They disclosed their board and management's prioritization of climate adaptation and committed to sharing more specifics. They described initial efforts on engaging employees in just transition planning and committed to increasing their capacity and expertise on Indigenous reconciliation planning. At the end of the day, by engaging on multiple issues we have established a strong baseline for future dialogue. Our ongoing stewardship will involve following up on the progress and challenges of the issues we discussed, as well as deeper engagement on the company's policy advocacy supporting clean electricity regulations.

What are the greatest challenges we face?

AM: We aren't moving fast enough. All of us – governments, businesses, investors and citizens – are struggling to make the changes required. A more fulsome strategy is needed in Canada to ensure we have alignment between net-zero transition and economic targets that position us to be competitive within global supply chains (such as hydrogen, wind, and battery storage), and attract private investment.

"Transition is hard. The science tells us we need to move faster, and we know that the human, ecological and financial costs increase with any delays in actions and increases in temperature."

AM: Many of the technologies and practices that can reduce emissions are available now, yet it takes effort to break through entrenched economic and societal systems. It takes work for companies and investors and requires unparalleled collaborations across multiple stakeholders to understand the science, technology, labour skills, community resilience, capital requirements and innovations to tackle the low carbon transition at scale.

What excites you most about opportunities to transition our economy?

AM: I'm most excited about clean energy development and electrification in Canada. I'm also excited that the market is starting to focus on the nexus between climate/biodiversity/natural capital and the implications for company cash flow and balance sheets. It seems like we are starting to value our environment and understand that we need to operate our economy within the constraints of ecological boundaries, not the other way around.

Investing and asset management

We advocate for sustainable finance

Many of the solutions we need to address the challenges posed by climate change exist. Often, what stands in the way is an inability to scale these solutions at the pace required to tip the balance and move away from traditional models. We're focused on advocating for policies, practices and frameworks that will accelerate sustainable finance.

We work with partners in Canada and internationally, from industry peers in the finance and insurance sectors, to all orders of government, non-profits, experts and community partners, to advance policies and practices that can help transition the economy to one that is net-zero, sustainable, and well-adapted to future climate risks.

Key sustainable and transition finance advocacy and collaboration in 2023

Sustainable Finance Action Council

Together with peers from the Canadian financial services sector, we're active members of the Sustainable Finance Action Council, which makes recommendations on critical market infrastructure needed to attract and scale sustainable finance in Canada. In 2023, we contributed to working groups to produce recommendations on data, disclosure, capital allocation and a sustainable finance taxonomy. We also actively championed resilience as a key lens for SFAC's ongoing work.

UN-convened Net Zero Asset Owners Alliance and Net Zero Asset Managers Initiative

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. As of December 2023, this network of 315 global company signatories holds more than $57 trillion USD of assets under management committed to net zero.

Climate Engagement Canada

Climate Engagement Canada is a coalition of financial leaders joined 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, which now includes 41 companies with $5.2 trillion in assets under management. This finance-led initiative is focused on engaging top emitters on the Toronto Stock Exchange who have significant opportunity to transition Canada toward its net zero targets.

Nature Action 100

Halting the loss of species and ecosystems is an urgent and massive collective challenge. Half of the world's GDP is reliant on nature and its services and risks need to be accounted for by companies and investors. Unveiled in conjunction with COP15 in Montreal in 2022, Nature Action 100 aims to mobilize investors to increase company action to stem nature and biodiversity loss by identifying a list of 100 companies for engagement. Addenda Capital has signed on as a participating investor and will focus on engaging with companies in key sectors.

More on our advocacy for climate adaptation and resilience can be found on page 68. A full list of our advocacy efforts and initiatives can be found in our Supplementary Disclosures at cooperators.ca/reports.

Special feature

Investing for a climate-resilient Canada

We are working with municipalities, non-profits, research groups, investors and all orders of government to mobilize private capital and build more climate-resilient communities.

An investment solution for climate-adapted infrastructure

We are working to develop new financial models that are needed to accelerate the development of climate-resilient infrastructure in Canada. Through this work, we're aiming to unlock the scale and scope of private investment that will be required to protect Canadians, our economy and our environment from the growing systemic risks on our horizon.

Climate change is getting costlier to Canadians and our economy. Insured losses from catastrophic events in Canada totalled $3.1 billion in 2023. On average the total economic losses are three times higher than insured losses, in addition to the incalculable human and emotional costs.

Efforts to mitigate climate change are underway and expanding. Governments and businesses have set net zero targets, and society is ramping up investment to reduce emissions and address the root causes of climate risk.

Reducing emissions is just one side of the solution. More investment is needed to help communities adapt to climate change. Yet, a 2023 Climate Policy Initiative study found that just 9% of global climate finance was directed toward adaptation and resiliency.

There is no smooth transition to a net zero future without enhancing resilience along the way.

The Federation of Canadian Municipalities estimates that adapting infrastructure at the municipal level to avoid the worst impacts of climate change will require investment of $5.3 billion per year in Canada. This number is a fraction of the predicted cost of loss and damage from accelerating climate change: $78 billion per year under a low-emissions scenario by mid-century, according to the Canadian Climate Institute.

The cost is high, and governments face many competing economic pressures. In times of financial instability, taxpayers are unlikely to be able to carry the full financial burden of building a resilient Canada at the scale and with the urgency required.

We believe private capital can play a vital role. Over $150 trillion globally has been committed to net zero.

Investing in climate adapted infrastructure can reduce future costs associated with acute hazards like floods, wildfires, storm surge and drought. The Government of Canada estimates the cost-benefit ratio of loss prevention at between 4.6 and 10 to 1; when indirect macroeconomic benefits are also included, the Canadian Climate Institute puts the ratio at between 13 and 15 to 1. These investments also de-risk the financial system. By investing in infrastructure that reduces predictable risk and builds resilience, we can also protect investment portfolios, which will face increasing systemic risk with repeated losses and disruptions.

We're developing innovative financial models to build a case for private investors looking to enter the market of climate adaptation infrastructure.

We are convening a whole-of-society approach; working with dozens of municipalities in collaboration with ICLEI Canada, the Federation of Canadian Municipalities, the Institute for Catastrophic Loss Reduction, and more, to develop financial models and partnerships that will boost participation from the private sector, bringing both capital and expertise to build systems-level infrastructure to protect communities against increasing physical climate risk.

To help advance systems change, we co-authored a paper with the Canadian Climate Institute that explored potential sources of municipal cash flow to enable a greater potential role for private finance. We also participated in a number of advocacy initiatives to help move policies in the direction to enable greater potential for private finance in funding climate adaptation in Canada – through initiatives like Climate Proof Canada, and independently, through recommendations and engagement with the federal government's National Adaptation Strategy (see page 71).

Rebuilding with resilience in Lytton, BC

Learn how a Co-operators resilience investment is helping residents of Lytton access financing to rebuild homes in the face of rising wildfire risk.

In 2023, we embarked on a resilience investment in Lytton, BC, which was devastated by a catastrophic wildfire in 2021. Our investment will help homeowners rebuild in ways that are wildfire resilient and net zero.

The Lytton wildfire caused $102 million in insured losses, claimed two lives and forced the evacuation of nearby First Nations communities. To support the community in its efforts to rebuild, the federal government established a PacifiCan granting program to help homeowners rebuild their homes to fire-resilient and net zero standards.

However, uptake was initially low because homeowners were either hesitant or unable to make the up-front payments required for the costs of the upgrades.

Through our relationship with the Institute for Catastrophic Loss Reduction, Co-operators saw an opportunity to support community wildfire resilience and net-zero construction. Working in close collaboration with PacifiCan, the Village of Lytton, and Beem Credit Union, Co-operators committed up to $5 million in financing to help enable homeowners to take advantage of this program. Importantly, this will help finance community resilience in a way that would provide a return on investment and bolster the business case for investing in resilience.

This multi-stakeholder effort is an innovative example of how private companies can bring their capital to bear to help solve the economic and social challenges inflicted on communities by our changing climate.

"The Village of Lytton is thankful for the Co-operators Financing Program, which will support climate resiliency as Lytton rebuilds. A strong example of collaboration, this program will enable Lytton residents to rebuild fire-resilient and net-zero homes."

Denise O'Connor, Mayor of Lytton

Advancing systems change

From advocating for government policies that will help unlock the capital needed to accelerate climate adaptation, to partnering with capacity-building organizations and research groups, we are moving forward in an inclusive and sustainable way. We have been collaborating across sectors and regions to imagine a new approach to investing in the climate transition, while reducing risk for all Canadians.

National Adaptation Strategy

In June 2023, the federal government released its National Adaptation Strategy (NAS), establishing a vision for a more resilient Canada and setting a whole-of-society blueprint for more co-ordinated action. Co-operators actively contributed to the development of the NAS in 2023 through participation in advisory tables, engagement via the Climate Proof Canada coalition and a comprehensive independent submission outlining our specific recommendations, which included encouraging that the strategy create the space to consider the role of private finance in building climate-resilient infrastructure in Canada. To help advance our recommendations, we met with key officials within Environment and Climate Change Canada, Infrastructure Canada and Finance Canada, with a focus on our priority to catalyze investment in resilience to protect Canadian communities. Advocacy remains ongoing as the substantial work to implement the NAS begins.

Building resilience through a lens of climate vulnerability

Climate change does not affect all communities or groups of people equally. To ensure that our resilience investing pilots are applying a social equity lens and developing solutions that will benefit those in society who have been historically underserved, we are working with Partners for Action (P4A) at the University of Waterloo. This three-year, $500,000 partnership aims to reduce flood-risk vulnerability in our communities. Building on P4A's census-based socio-economic vulnerability index, we are exploring how to incorporate equity considerations into disaster risk foresight, planning and management in Canada, including climate adapted infrastructure projects.

Financing Resilient Infrastructure Project with ICLEI Canada

Despite the strong economic case for investing in climate adaptation, public funds are limited. We are currently working in partnership with ICLEI Canada and 10 Canadian municipalities to develop resilient infrastructure project profiles that private investors could help realize. To date, we have held several project planning meetings with municipal staff from climate, finance and engineering departments to shortlist projects and possible financing mechanisms. Once completed, results will be shared to help other municipalities identify finance-ready resilient infrastructure projects in their communities.

Getting resilience investing on the agenda at the COP28 Climate Summit

Co-operators President and CEO Rob Wesseling and Executive Advisor for Climate Investing and Community Resilience Don Iveson attended the COP28 Climate Summit in Dubai, participating in panel conversations on how to mobilize private capital for climate resilience and disaster risk reduction with partners including the United Nations Office for Disaster Risk Reduction, Climate Proof Canada, the Canadian Climate Institute, the Federation of Canadian Municipalities, and the International Co-operative and Mutual Insurance Federation.

As a business, we're driven by our purpose

How we operate our business – including our financial performance and capital position, the environmental impact of our operations, and how we engage and support our people – are fundamental to our strength as a financial services co-operative. We consider our strength in the context of the well-being of our planet and our communities, understanding that the success of our business requires pursuing financial prosperity alongside social and environmental value.

Running our business

2023 financial performance overview

Our financial performance and capital position are core to our success. At the same time, our financial success needs to position us to drive positive societal outcomes and meet the changing needs of our members and clients, our workforce and our communities. In other words, we pursue profit to meet our purpose.

2023 financial position summary

Total assets increased over eight percent due to the strength of the equity markets and the decline of the yield curve which increased the valuation of our bond portfolio. Our overall and regulatory capital positions are recognized as a key strength of our organization from our external rating agencies. We continue to be well-positioned to weather uncertain economic or insurance environments and provide financial security for current and future members and policyholders.

Total assets	**$19.1 billion**
– Total liabilities	**$14.2 billion**
= Total equity	**$4.9 billion**

2023 income statement overview

2023 was a challenging year for our profitability as a result of increased P&C claims and the impact of inflation. This was partially mitigated by strong and profitable growth across the majority of our lines of business and a favourable impact from macroeconomic factors.

Total revenue	**$6,649.8 million**
– Total expenses	**$6,401.1 million**
= Net income	**$248.7 million**

Our financial strength can drive positive societal outcomes.

Q&A

We put our capital to work for Canadians

Core to our ability to deliver on our purpose is ensuring that we have the capital necessary to fulfil our promise to Canadians as an insurer, an investor and as a co-operative. Lesley Christodoulou, vice president of finance and chief accountant, discusses the link between Co-operators capital position and our ability to support our clients, members and communities in navigating uncertainty.

Lesley Christodoulou
Vice President of Finance
and Chief Accountant

How does a strong capital position enable us to deliver on our purpose?

Lesley Christodoulou: Capital plays such a critical role. In simple terms, our insurance operations need capital to ensure we can fulfil claims from our policyholders. This is the promise at the heart of insurance. Given the inherent uncertainty in estimating future claims, having a strong capital position enables us to withstand that uncertainty and risk. It puts us in a position to fulfil our promise to our clients and our members.

And it goes beyond core insurance needs. We're always seeking opportunities to diversify our products, solutions and business models. Whether it's exploring leading-edge opportunities through emerging business models, looking to acquire adjacent businesses, or innovating internally through research and development to design new product offerings and technology enhancements, we need capital available so we can build out and invest in these growing areas of focus.

For our ambitious investment targets, it's critical for us to seed and catalyze climate transition, impact and resilience investing markets in Canada. We want to provide capital that can support Canada's adaptation strategy and help communities build the climate-resilient infrastructure that is needed in this country.

"A strong capital position enables us to champion a more sustainable, resilient society, and prove that investments can generate compelling returns alongside social and environmental benefits. In this way, our capital strength has a direct link into the strength of our communities."

What are the greatest challenges we face today from a capital perspective, and how will we address these going forward?

LC: Some trends related to insurance claims are concerning. High inflation, increased catastrophic climate-related events, and a surge in auto theft have all put negative pressure on our financial performance and our capital position. In addition, we've experienced challenges in earning a return on our investment portfolio. This has largely come through pervasive equity market volatility and yield curve changes on our fixed income portfolio.

“Our financial performance is challenged by persistent high inflation, increases in interest rates and increased geopolitical uncertainty. These aren’t challenges unique to Co-operators, but they are top of mind.”

Longer-term, I think one of the biggest challenges that the financial services sector faces is the task required to scale investments to achieve global climate objectives. We know the stability of the global economy is at risk if we do not address the climate crisis head on and decarbonize our operations and our investment portfolios. Tools like the Green and Transition Finance Taxonomy recommended by Canada’s Sustainable Finance Action Council will help to forge a path to close these investment gaps and ensure that the actions taken are aligned to a science-based approach.

How does our co-operative identity influence our ability to navigate economic uncertainty?

LC: As a co-operative, we really are different from most financial services organizations. Rather than existing purely to maximize quarterly profits, it is incumbent upon us to look beyond short-term profits. We exist, first and foremost, to fulfil our purpose of financial security for Canadians and our communities. While profitability is important for all the reasons I’ve mentioned above, we don’t have short-term expectations from shareholders that have us make short-term decisions that could adversely impact our clients, communities and our organization over the long term.

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

236%

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

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

158%

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

More information and historical trends on our capital tests can be found in the Additional Report Information section of this report on page 153.

"We build trusted relationships."

Colette Taylor (pictured),
Executive Vice President
and Chief Operating Officer
Sovereign Insurance

Q&A

Spotlight on growth: Building risk resilience for Canadian businesses

Our purpose of financial security for Canadians and their communities includes providing diverse protection for all types of Canadian businesses. We've been strategically growing our business in this sector. Sovereign Insurance, a wholly-owned subsidiary of Co-operators, helps fill the protection gap as a specialty niche property and casualty commercial insurer. In 2023, Sovereign saw significant revenue growth that contributed positively to the financial performance of our group of companies. Colette Taylor, executive vice president and chief operating officer Sovereign Insurance explains how Sovereign partners for resilience exclusively with brokers, managing general agents (MGAs) and strategic partners to provide customized risk solutions, advice, education and support to businesses across the country.

Sovereign's commercial book saw significant growth in 2023. Why do you think more mid-to-large commercial partners are choosing to do business with it?

Colette Taylor: We have done a tremendous amount of internal work to update our organizational capabilities, align talent to our strategic areas of focus, and upgrade technology to drive better insights and process efficiencies. In 2023, we were excited to share the positive outcomes of all that hard work with our partners. We launched cutting-edge new product offerings in our Commercial Solutions portfolios, supported by a new policy administration system that dramatically improved speed and efficiency for our partners. As we bring deeper sophistication into all areas of the business, our partners have come to expect and appreciate our approach to building trusted relationships and the market-leading expertise of our people.

What commercial issues or trends are top of mind for you in 2023?

CT: Our external operating environment is susceptible to high degrees of volatility due to the niche focus of our business. To react quickly to changes, we're constantly monitoring portfolio insights and the broader landscape. Right now, inflationary trends and the uptick in auto theft are two areas we're watching. On a longer-term basis, we're collaborating with the enterprise to identify a range of sustainability solutions that can benefit our clients and communities.

The economic landscape for Canadian businesses is constantly evolving. How do we partner for resilience with brokers and MGAs?

CT: Our brokers and MGA partners are the essential conduit into our end-clients and the communities they serve. They help us build an understanding of what issues keep our clients up at night and how our risk solutions can allow them to sleep more easily.
Our partners engage with us because we lead with a solid value proposition, trusted expertise, and timely, relevant insights.

Sovereign's premium growth in 2023

8.4%

Forays into the future

We've woven innovation into our strategy, ensuring that our business capabilities are responsive and adaptive to the changing world around us. This mindset of growth and creative expansion is focused on asking how we can position ourselves to anticipate the financial security needs of Canadians in a rapidly evolving reality, so that we can live out our purpose not just today, but generations into the future.

Purposeful ventures

Our vision is to be at the forefront of the innovation curve in a fast-changing industry. We want to strategically partner and invest in new technologies to stay competitive and respond to changing client demands. Through our Corporate Venture Capital Fund, we gain knowledge and insights and forge partnerships with fintech and insurtech companies, supporting and influencing innovative evolution to our mutual benefit.

We leverage our capital and sector expertise to pursue partnerships with and investments in like-minded companies that support our goal of building financial, social and environmental resilience of Canadians and our communities.

Since inception in early 2021, our Corporate Venture Capital Fund has made investments in six companies and six funds that cover a broad spectrum of technology sectors, including finance and insurance, wealth, agriculture, property, health and climate. These funds help us stay abreast of industry trends, support innovation, and develop strategic partnerships for our business partners. A list of our investments is available online at cooperators.ca.

During 2023, we invested in one of the largest Canadian ClimateTech funds, Active Impact Investments, which focuses on providing capital to early-stage private companies across North America that can achieve venture scale and profitability while solving urgent environmental issues.

In 2022 alone, Active Impact's portfolio companies mitigated over 285,000 tCO2e (tonnes of carbon dioxide equivalent) and saved/treated over 136 million litres of water.

"We see climate change as a direct and imminent threat to our ability to deliver on our purpose. Our investment in Active Impact prioritizes resilience alongside profitability, driving meaningful climate action through a range of sustainable solutions."

Daniel Sinclair, Vice President, Corporate Development and Head, Co-operators Corporate Venture Fund

Running our business

Providing peace of mind through easy, accessible home management

We're always looking for ways to help Canadians and our communities build financial security and resilience. Through our partnership with the real estate venture builder R-LABS, Co-operators has invested in HomePorter to support Canadian homeowners in better managing their homes.

As we consider the future of our business, and the opportunities that can expand our capabilities to achieve our purpose, we pursue partnerships and collaborations with like-minded enterprises who are equipped to meet unmet or ill-met needs in our communities.

In 2023, Co-operators led an investment in HomePorter by forming a strategic partnership with R-LABS, in recognition of our collective goal to make homeowners more resilient and better informed about everything related to their home. By partnering with HomePorter, homeowners can get trusted unbiased advice from a trained professional with the click of a button. The home is likely the single largest financial asset for Canadian homeowners, and the ability of HomePorter to provide a virtual home care platform helping resolve home issues with confidence, makes Canadians more resilient.

"At HomePorter, our mission is to transform the way homeowners manage their homes. By leveraging cutting-edge technology and strategic partnerships, we aim to provide support and guidance throughout the homeownership journey. Our commitment to innovation, coupled with a client-centric approach, sets us apart in delivering a truly transformative experience for homeowners."

Peter Primdahl, CEO HomePorter

Running our business

A path to net zero in our operations

There is an urgency to reduce global emissions to avoid catastrophic climate change, and we have committed to systematically eliminating the emissions of our operations and our investment portfolio (see page 61). By targeting and working towards the decarbonization of our operations, we not only help move Canada towards its net-zero targets, we save costs and reduce expenses to improve our bottom line.

We have an interim target to reduce the emissions of our operations by 45% by 2030, before achieving net zero no later than 2040. These targets are for 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.

Currently, we've reduced 34% of greenhouse gas emissions from 2019 base year levels. Our focus and priority is on eliminating our emissions in alignment with our net zero targets. In the meantime, we have maintained carbon neutrality through carbon offsets that have been verified to a recognized standard and listed on a public registry to ensure quality. We've also undertaken a rigorous media scan and project documentation review to make sure we're focusing our purchases on renewable energy certificates and offset projects that have not been identified as having quality concerns. Recent offset purchases include a waste composting facility, an IT assets reuse project, and a project that treats wastewater through an innovative engineered wetland.

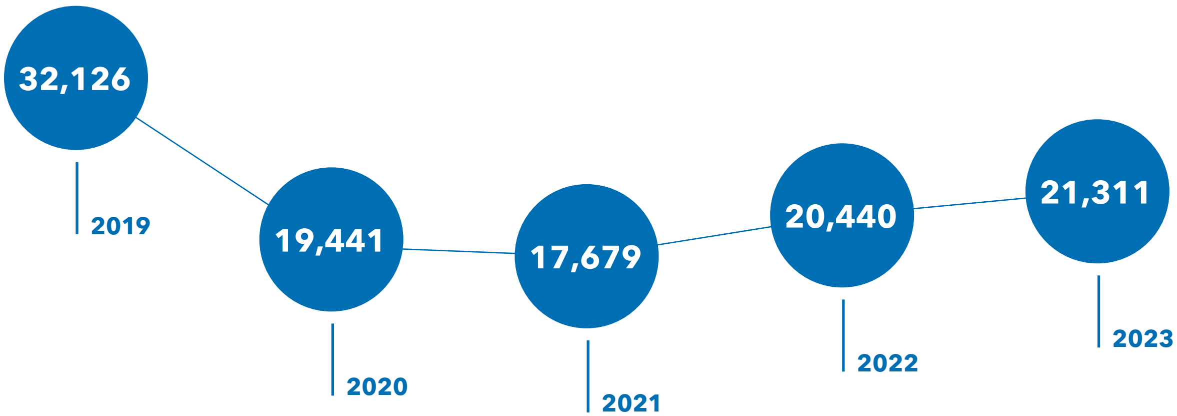
Our operational emissions were higher in 2023 than in 2022, as it was our first full year since returning to the office and more frequent travel. We also invested in IT infrastructure. We continue to broaden and deepen engagement across the enterprise on our decarbonization pathways to drive us towards our net zero commitment and have identified mindful business travel and vendor engagement as our most significant levers within our control to further drive down emissions.

Operational emissions intensity in 2023

3.2 tonnes CO_2e/$1 million revenue

2022: 4.5*

Operational carbon emissions** tonnes of carbon dioxide (tCO_2e)



Executive compensation

To incentivize decarbonization and hold ourselves to account, we have linked our net zero operations targets to our president and CEO's long-term incentive plan for 2023 and will expand these targets to our vice presidents in 2024.

Get the full picture of our climate action and impact.

Our Climate 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.'

**As a result of the retrospective adoption of new accounting standards, IFRS 17 and IFRS 9, on January 1, 2023, 2022 figure has been restated.*
***Results for 2019 to 2022 have been restated.*

Q&A

A collective effort

Getting to net zero in our operations takes collaboration and buy-in across our enterprise. We spoke with Graham Parrott and Thais Lima, employees from our real estate and IT departments, both of which have critical roles to play in abating the emissions of our operations about why progress to net zero is a priority for them.

Graham Parrott
Associate Vice President,
Real Estate and Construction
Real Estate Management

Thais Lima
Senior Manager, IT
Insights and Performance
Information Technology

Tell me about your role at Co-operators. Why does supporting our net zero journey matter to you?

Graham Parrott: I'm the associate vice president of real estate and construction, which means I oversee the real estate management and construction teams, and their involvement in both corporate and retail locations. For me, our journey to net zero is important so we can help trend toward a better, cleaner environment where we live, work and play.

Thais Lima: I'm a senior manager of IT insights and performance, and I'm working to adopt sustainable IT practices, drive sustainability engagement in IT, and help shift our mindset by educating colleagues on how sustainability impacts our roles. We also report on IT-specific sustainability metrics that can help demonstrate our progress. Beyond doing our part for future generations, our journey to net zero enhances our employees' well-being, fulfillment and engagement – which enables us to make more of a positive impact on our planet and our society. And these initiatives are helpful for talent acquisition and retention, as we align our work efforts with people's personal values.

Where do you see the greatest opportunities in your area to achieve net zero?

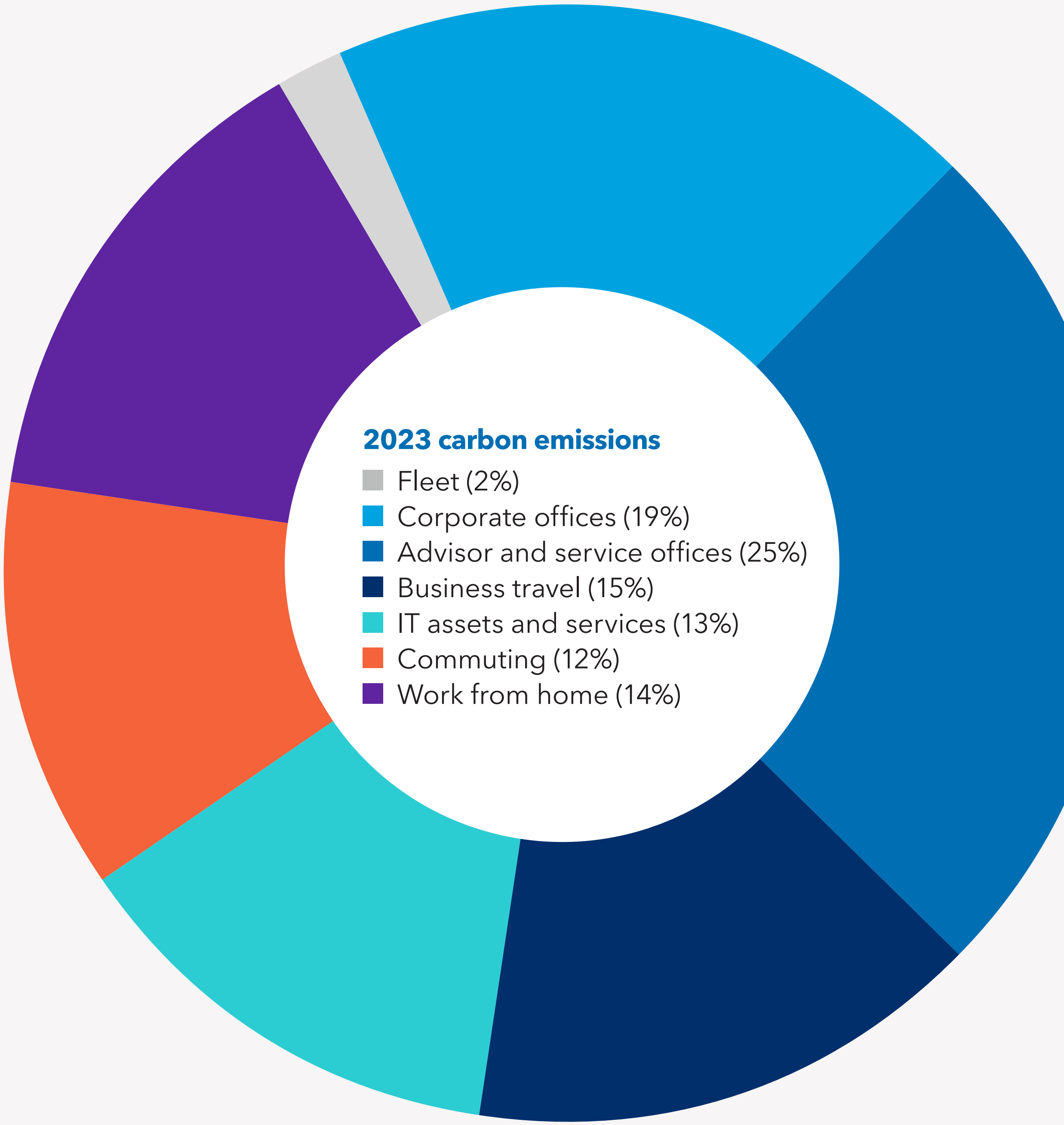
TL: First, we can increase the energy efficiency of our IT infrastructure through purchasing energy efficient devices, and by monitoring and measuring the impact of cloud and data centers. We can also make a difference when it comes to vendor and supplier management, as well as the management of our e-waste by tracking the disposal and recycling of our IT assets. Whenever feasible, we should reuse equipment. Finally, we can raise employee awareness and measure their adoption of sustainable behaviours (for example, measuring how many employees turn their laptops off at night).

GP: We've made considerable progress in optimizing our real estate footprint to align with our work models. We're also implementing low carbon solutions in spaces that we own. As we move into the future, we'll make climate impact part of the selection process for new office spaces

Decarbonizing our operations is no easy task. What significant challenges do you anticipate on our horizon, with respect to your area of focus?

TL: One of our biggest challenges is the lack of precise carbon emissions data. The statistics can be ambiguous, which presents challenges in determining how sustainable a product might be. There can also be difficulty in verifying or measuring carbon emission reductions. Finally, there may be a cost challenge where the most sustainable choice isn't always the most economic one in the short term. This adds complexity in terms of budget and economic feasibility.

GP: On the real estate side, there's a significant challenge in terms of getting landlords to buy into decarbonization. Most of our corporate locations are leased (except for our new Guelph HQ and one other Ontario location). With the buildings we own, we have direct control of the operations, systems and equipment. But when we lease, we need to bring landlords onside, especially in multi-tenant situations where we have less influence. Ultimately, this work will take time. This task is not an overnight fix. There are existing lease obligations to complete and resistance to overcome along the way. The hope is, the more we can prove that net zero is good for the long-term sustainability of our economy, leading to a mindset shift in society, the better progress we'll make.



Running our business

Our business thrives because of our people

Our co-operative is sustained by the people who show up every day to bring our purpose to life. It's paramount that we prioritize their financial security, health, well-being and personal and professional development, and that we work continuously to engage their feedback so we can do better.

An engaged workforce is essential to deliver benefits to our members, clients and communities. With rising societal challenges, it's especially important that we equip our employees with the resources and support they need to thrive.

Engagement is a key component of our employee listening strategy. By measuring employee sentiment, it provides valuable insights to leaders across the organization to support continuous improvement and our high-performance culture. Hearing from our employees and taking actions based on their feedback is essential. In 2023, we embraced a new approach that will enable greater agility and allow us to be more responsive in real time to shifting needs and preferences.

We introduced changes to our employee engagement platform that made it faster and easier for employees to complete 'pulse surveys' and provided more opportunities throughout the year for them to share feedback and insights with leaders in the organization on a regular basis. This enables us to adapt and grow our business plans in ways that take our people into account.

Our two pulse surveys are measured across four core indices: engagement; inclusion, diversity, equity and accessibility (IDEA); well-being; and culture.

In 2023, we had an overall average engagement index score of 78, which is two points above the financial industry benchmark of 76. We had an average response rate of 85%, and an average of just over 5,500 employee comments per pulse survey.

We identified several areas of strength, including "respectful treatment," "manager feedback," and "team communication," all of which performed above the industry benchmark. We also identified "work culture" as an area to watch, which is strongly correlated to employees' desire to feel connected and collaborative. Employees told us they wish to retain Co-operators cultural strengths, while adapting to meet the needs of the future. At the same time, "well-being," "communication" and "recognition" were identified as areas of concern. We know recognition has a high impact on overall engagement and is related to perceptions of culture and well-being. Employees are more likely to feel connected to company culture when they are recognized for their work, so this is an area of focus for us in 2024.

Employee Engagement Pulse Survey Results

78

Average 2023 Engagement Index Score

Financial Industry Benchmark: **76**

75 Average 2023 IDEA Index Score

72 Average 2023 Well-being Index Score

79 Average 2023 Culture Index Score

Engaging our Financial Advisor network

Hearing from our Financial Advisors and taking actions based on their feedback is essential, and in 2022, we embraced a new approach that will enable greater agility and allow us to be more responsive in real time to shifting needs and preferences.

We introduced a scoring metric for our Financial Advisor engagement surveys using a new methodology and created a working group to help enable us to learn more, adapt and grow our business plans in ways that take our people into account. Based on the responses to the survey questions, the 2023 Financial Advisor engagement score is 44%, which represents a 1% improvement from 2022 and we are committed to doing better.

We are pleased to have seen a dramatic increase in our Financial Advisor's participation in the survey from 62% in 2022 to 92% in 2023.

44%

Financial Advisor Engagement Score

Running our business

Wellness at work

When we prioritize the health, well-being, and continuous education of our people, we help to foster an enriching work environment that lays the groundwork for high performance and personal fulfilment. Through lifelong learning, benefits, pension, disability resources and wellness and recognition programs, we prioritize investing in the health of our people.

In 2023, we took advantage of more employees returning to in-person work to provide opportunities to boost the health and wellness of our employees, through fitness classes, learning sessions, registered massage therapist in-office visits and other wellness initiatives that supported the health goals of our employees.

While hybrid and remote work provides flexibility, we know that in-person work can help build a thriving work culture and contribute to employee connection and purpose at work. With this in mind, in 2023 we hosted quarterly employee connection events in corporate offices across Canada. These events were focused on supporting employee social well-being, fostering a positive work culture, encouraging team collaboration and bringing more employees into our local offices. On these event days, overall employee in-office attendance was 72% higher than average. In 2024, we will develop an Employee Connection Strategy that builds upon our 2023 successes.

Beyond the supports and opportunities that we offer our employees, we work to provide compensation, recognition and rewards that are competitive and attractive to draw and retain the top talent we need to fulfil our purpose and deliver on our strategy. As a living-wage employer we offer a competitive and equitable compensation package that, in most cases, far exceeds the living wage.

Average investment in employee training and development

$846

Workforce salaries

$604.8 million

Workforce benefits

$121.0 million

Workforce incentive programs

$79.3 million

CEO-to-average worker pay ratio (2022)

19:1

*Benchmark: 246:1**

**Based on the salaries of the 100 highest-paid CEOs in Canada (Source: "Canada's New Gilded Age" Canadian Centre for Policy Alternatives, 2024)*

Retaining and attracting top talent

Across industries, employee turnover and retention is top of mind. We know that effective retention helps reduce costs of replacing and training new employees and helps maintain productivity levels. We also know that turnover and retention are strong indicators of our company's culture. As the foundation of our success, it's critical that our people feel supported and valued, and so 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.

For a three-year period, our employee turnover shifted from 11.0% in 2021 to 11.4% in 2022, and 10.3% in 2023. Our organization welcomed 1,153 new employees in 2022, and 832 in 2023. The decrease in new hire activity aligns to trends seen across the industry with a softening labour market.

Employee retention rate

90%

2022: 89%
2021: 89%

"I'm inspired about the depth of opportunities ahead as we continue building our bridge to the future."

Laura Mably (pictured),
Executive Vice President and
Chief Human Resources Officer

Q&A

The purpose of engagement

For Laura Mably, chief human resources officer, placing increased priority on the well-being, engagement and performance of our people will help us deliver on our purpose as a co-operative. While rapid change puts pressure on our business and the individuals who work for us, we're committed to a strategy of feedback and listening to stay connected with the needs of the people we employ.

What issues or trends are top of mind for you as you consider how Co-operators can attract, engage and retain employees?

Laura Mably: Employee well-being is always top of mind for me. With many of the trends we're seeing today – financial pressures, climate change, global instability and uncertainty, not to mention the struggles and societal barriers many of our employees are facing or have faced – the well-being of our people is not something that we can take for granted.

As a co-operative and as an employer, we're committed to actively working to create a culture and work environment that enables people to show up authentically and stay engaged while they are with us. This looks different today than it might have looked five years ago, as we connect more and more through virtual or hybrid means, which presents both challenges and opportunities as an employer. Through our programs, benefits packages, competitive pay and providing more opportunities to connect and learn from one another both online and in person, we are taking steps to support the well-being of our employees, foster human connectivity, and provide a level of flexibility and personal autonomy that all culminate into maintaining a steadfast focus on high performance.

What are our greatest strengths when it comes to employee engagement?

LM: Our employees tell us that respectful treatment, career path and communication are our top strengths as an organization. They feel they are treated with respect and dignity. They say their manager has meaningful discussions with them about their career. And they also say that within their teams, they communicate openly and honestly with each other.

But I think an even greater strength is our employees' connection with our purpose, vision and values as a co-operative.

"There is a resonance between the values of our organization and the values I hold as an individual. This makes it so much easier to feel good at the end of the day about the difference we are making in people's lives."

The feedback from employees is consistent – even though we have an ambitious agenda in times of uncertainty, volatility and somewhat constrained resources – our purpose is the touchstone that makes our work meaningful. I think the fact that there is meaning behind our collective effort matters most.

What inspires you as you look to the future of our workplace and work culture at Co-operators?

LM: Beyond the great sense of purpose I get from the work that I do, I'm inspired about the depth of opportunities ahead as we continue building our bridge to the future. As we build our Guided Omni experience and new business models, we're unlocking more and more great opportunities for our employees to learn, gain experiences and build important skills. I'm excited about growing our leadership capabilities at all levels in the organization, and continuing to invest in the career paths and professional development of our people. Growing the capabilities of our employees will ensure we grow our business effectively.

Special feature

Inclusion, diversity, equity and accessibility

As a financial services co-operative, a community partner and an employer, we're committed to reflecting principles of inclusion, diversity, equity and accessibility—which we refer to as IDEA—in our actions, decisions and how we show up in our communities. We're working to identify and remove systemic barriers standing in the way of human rights, freedoms and access to services that build financial security for all Canadians.

Journeying together

We recently launched our second strategy to guide us from the early stages of our journey to embed principles of inclusion, diversity, equity and accessibility into how we operate across our various roles and identities in the community and in our industry. Today, we're working to remove barriers, build more robust workforce insights, listen and be responsive to our employees and partners, and improve accessibility for those who have been historically under-represented. We are committed to moving forward with humility and open minds, and a resolve to do the work that's needed to improve access and equity for all the communities within Canada.

IDEA has been a core priority for Co-operators for many years. While we have seen many successes in our strategic journey, we know we still have much work to do. In 2019 and 2020, we undertook our first full-scale organizational inclusivity assessment and developed our first IDEA Strategy, which covered the period of 2021 to 2023. In 2023, we refreshed this strategy as an important turning point in our IDEA journey. Our refreshed IDEA Strategy connects with our larger organizational strategy and provides measurable objectives along the way. IDEA is essential to Co-operators in fulfilling its purpose of financial security for Canadians and our communities, and its vision to be a catalyst for a resilient and sustainable society. IDEA is now further embedded in who we are, with inclusion formally listed as one of our core values.

Spotlight on our employees

In our Action Plan we have committed to enhancing inclusive and equitable hiring. This work includes reviewing and enhancing recruitment and selection processes to minimize the impact of bias and assess candidates based on skills and qualifications. We are also committed to establishing additional bias checks in the hiring process. To measure our success, we are utilizing a number of measures including the Global Diversity, Equity, and Inclusion Benchmarks (GDEIB), internal self-ID, exit interviews and looking at implementing candidate self-ID.

The GDEIB is the global best practice for diversity, equity and inclusion and we aspire to be a best-practice organization, formally embedding this into our four-year strategic plan. Our target is to reach the "Progressive" level on this five-level benchmark (1) Inactive; 2) Reactive; 3) Proactive; 4) Progressive; and 5) Best Practice). Each year, we conduct an enterprise-wide audit to see how we measure against the benchmarks, tracking progress along the way. In 2023, we achieved a baseline score of 3.93 – an increase from 3.79 in 2023.

We launched Self-ID to understand gaps, barriers and opportunities

At the end of 2022, we launched our first internal voluntary self-ID program and asked employees to self-identify so we can better understand gaps in representation, barriers for under-represented groups, and opportunities to better represent the diversity of Canada. As a Canadian company, we understand that our communities are diverse, and we believe that having employees who reflect the diversity of our communities makes us better.

To support this initiative, we ran a "myth-buster series" on some frequently asked questions about self-ID. We also held open-mic sessions with employees, answering their questions about privacy and relating why and how we collect and use this data to make Co-operators an even better place to work.

Since the launch of self-ID in November 2022, we have an employee participation rate of 37%, with 64% of people leaders and 32% of individual contributors participating.

We understand that our biggest opportunity is supporting leaders who can, in turn, encourage this initiative. As such, we have challenged leaders to help us reach 80% participation, so we can better understand our gaps, barriers and opportunities around breaking down barriers and building greater equitable opportunities for equity-deserving employees.

One ongoing challenge is building transparency with our data. That means showing employees how, with these insights, meaningful and important change can happen, and how that contributes to an even better culture, a more successful co-operative, and a more responsive approach to meeting the diverse needs of our Canadian clients.

As we continue to gain insights on our gaps in representation, we can be more responsive and targeted in the programs and policies that we develop to promote greater employment equity for all diverse groups in Canada.

Embedding IDEA into employee engagement

We continue to thrive in employee engagement, as we continue our focus on supporting employee connections, being responsive to insights, and committing to our employees through meaningful action. In 2023, we began incorporating feedback from ongoing engagement surveys into initiatives focused on gender inclusion. We have updated our HR systems and are exploring opportunities to expand our efforts at gender inclusion across our co-operative.

Aligned with International Non-Binary People's Day, we adopted a new pronoun feature in our software system – adding another gender option within our Human Resources Systems. To support the engagement of Indigenous employees and the learning journey of non-Indigenous employees, we launched our new Reconciliation Strategy (see page 98 for more on our efforts toward reconciliation).

Challenges along the way

Of course, there are always challenges to overcome and opportunities to do better. For example, we continued to see lower overall scores in the IDEA index and well-being index of our employee engagement surveys for individuals who identify as having a disability. We will be spending time and effort in 2024 to better understand why these scores are lower, and what immediate and long-term opportunities we have for improving the employee experience for individuals that identify as having a disability.

The overall inclusion index score for individuals who identify as LGBTQ2S+ also dropped this year. We will be working with our Proud of You Employee Resource Group to better understand what we can do to act on this feedback and improve the experience for these individuals.

Learning as a pathway to IDEA

We have implemented a new IDEA Learning Pathway to advance our IDEA Strategy in an engaging, holistic manner, while providing strong support for healthy, diverse and inclusive workplace practices. The IDEA Learning Pathway is designed to educate all employees in a way that achieves the level of competence needed to create a diverse, equitable and inclusive organization. The IDEA Learning Pathway is a progressive series of certifications, as part of an ongoing, multi-year program of studies.

The learning objectives for each level of the IDEA Learning Pathway address specific GDEIB categories, moving us toward our goal of becoming a best-practice organization.

The IDEA Learning Pathway uses both Linkedin Learning and collaboration with our employee resource groups (ERGs) to provide "foundational and beyond" IDEA learning. The pathway incorporates topics and moments that matter throughout the year.

Representation of women on the CEO's leadership team

55%

2022: 36% 2021: 30%

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

42%

2022: 38% 2021: 34%

Bringing IDEA to life through employee resource groups

Employee resource groups (ERGs) are voluntary, employee-led groups that foster an inclusive and equitable workplace and give a voice to historically marginalized or under-represented groups. They support a culture of inclusion and psychological safety for employees through education, networking and their influence on policies and programs. We spoke with two ERG members at Co-operators about their experiences and the importance of these employee-led networks.

Cory Benson
Claims representative and member of the Indigenous Persons Employee Resource Group

Manuela Marchment
Commercial Underwriting Specialist and member of the Proud of You Employee Resource Group for LGBTQ2S+ employees

What does your ERG represent, and what do you hope to achieve?

Cory Benson: *Tansi'*. Our group was put into action in response to Call to Action 92 of the Truth and Reconciliation Commission. In this journey, I hope to share with people more about the Indigenous community, by focusing on truth and attempting to dismantle long-held prejudices. We are working on ways to benefit Co-operators and Indigenous communities in tandem, by looking for win-win opportunities. Education, employment, community, business—the future is limitless.

Manuela Marchment: We wanted to create an ERG for LGBTQ2S+ individuals and any employee Allies that would aim to foster an inclusive workplace where everyone feels valued. Our group strives to provide a supportive and educational community. By promoting diversity and acceptance, our group contributes to build a positive corporate culture, enhancing overall well-being. Ultimately, our goal is to champion equality, eradicate discrimination and cultivate an environment where LGBTQ2S+ employees and Allies can thrive both personally and professionally.

How has this added value to your experience at Co-operators?

CB: The ability to share stories, experiences and my culture has been a reward in itself. Since becoming involved in my ERG, I have found other people who have reached out with genuine questions about Indigenous culture, and who have shared their own experiences. It's exciting to be a part of a group of people taking on this challenge. Valuing ideas and implementing strategies within a group that will benefit our company and the Indigenous community is amazing.

MM: It has enhanced my workplace dynamics by fostering inclusivity and support among employees and Allies who share common interests or backgrounds. It has provided a platform for networking, education and mentorship. It has created a sense of belonging, improving my morale and satisfaction in everything I do. By this group promoting diversity and understanding, it has contributed to a more vibrant and harmonious workplace for me.

How can these groups help Co-operators along our journey to bring IDEA to life in our workplace, and in broader society?

CB: Sharing is often the best way to mutually improve ourselves. There is a level of vulnerability and humanity that's present in those moments that allow us to connect. ERGs should start with this. Canada has a rich and diverse Indigenous heritage. I'm hoping Co-operators can lead by example by embracing, reconciling and yet taking pride in this unique and rich aspect of Canada. As Canadians, we all live and work on the traditional lands of the people of Turtle Island. It's one thing we all have in common. Indigenous culture is something to be celebrated by all Canadians.

MM: ERGs play a pivotal role in fostering an inclusive workplace that brings IDEA to life. It has provided a platform for employees to connect, share experiences and amplify diverse voices. By promoting a sense of belonging, our group has contributed to a more inclusive corporate culture. I feel that this group extends impact beyond the workplace, acting as catalysts for societal change by promoting our IDEA principles and values in the broader community.

"Employee Resource Groups play a pivotal role in fostering an inclusive workplace. They provide a platform for employees to connect, share experiences and amplify diverse voices."

Manuela Marchment,
Commercial Underwriting Specialist

A journey toward Reconciliation

In 2023, we launched a Reconciliation Strategy as an important initiative within our broader inclusion, diversity, equity and accessibility (IDEA) Strategy. Our Reconciliation Strategy has been developed in collaboration with Indigenous and non-Indigenous partners from across the company, in consultation with members of Indigenous communities, and with support from an Indigenous reconciliation consultant.

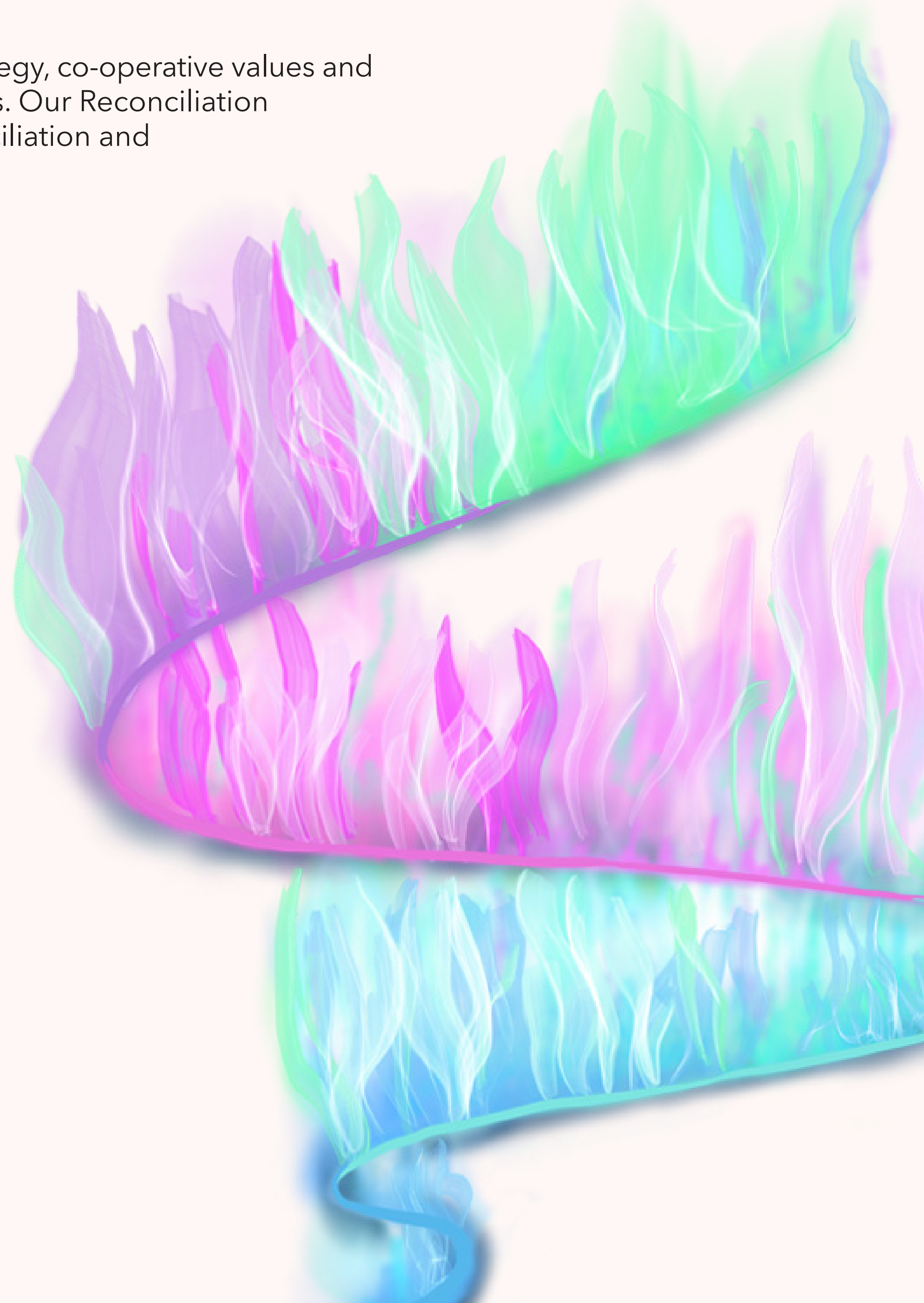
Our reconciliation efforts are strongly aligned to our corporate strategy, co-operative values and principles and the United Nations Sustainable Development Goals. Our Reconciliation Strategy outlines how Co-operators is taking steps towards reconciliation and building collaborative relationships with Indigenous communities.

We're committed to aligning our vision of being a catalyst for a resilient and sustainable society and our values of responsibility, integrity and inclusion to the Truth and Reconciliation Commission's Call to Action #92—Business and Reconciliation. To move toward this, we co-created and are working now to implement a Reconciliation Strategy that honours our purpose of financial security for Canadians and our communities.

Reconciliation is a long-term process, and we are at the early stages of our journey of healing and building collaborative relationships. We are dedicated to continuously learning and evolving, as well as implementing additional actions to further promote understanding and inclusivity. In the spirit of humility, we are hopeful and optimistic about the positive impact our commitment to Truth and Reconciliation will have on the future.

Co-operative principles and Indigenous ways of knowing, being and doing

Through discussions, engagement and research, we've learned that our co-operative principles position us in a complementary way to Indigenous ways of knowing, being and doing. The Indigenizing the Co-operative Model report, published by the Canadian Centre for Policy Alternatives, shows how the seven international co-operative principles intersect with Indigenous ways of knowing, being and doing. These principles emphasize the importance of collaboration and co-operation among members. They are rooted in our values, our business model and our collective vision for success. By recognizing and respecting the symmetry between the co-operative principles and Indigenous ways of knowing, being and doing, we can foster stronger relationships and create greater opportunities for collaboration.



Learn more about our Reconciliation Strategy online

Our full Reconciliation Strategy, including details on our guiding principles, action pillars, timelines, and progress toward the desired outcomes, is available at cooperators.ca/reconciliation.

Highlights of our progress

We're still early in our journey toward reconciliation, and we have begun with the following actions:

Engaging in employee education

We've spent the last year educating ourselves, through an impactful approach to learning and unlearning. This has included the engagement of Elders, current and former Chiefs, and many Indigenous professionals and knowledge keepers from across Turtle Island. In 2023, 3,446 employees participated in 53 learning sessions.

Building our Indigenous Youth Employability initiative

We've committed $1 million toward an initiative focused on developing partnerships and programming that aim to increase Indigenous youth representation in the workforce and their ability to compete in the labour market. For more on this initiative, see page 102.

Growing partnerships

We are growing our relationship with First Nations University (FNU), providing scholarships, mentoring and career-management opportunities. We also sponsor scholarships at the University of Waterloo. We support the Circle Project's Building Cultural Competency (BCC) program, which is an education-based learning opportunity that engages Indigenous and non-Indigenous communities in making connections between Canada's history and reconciliation.

Supporting an Indigenous Employee Resource Group

We strive to create a safe space where Indigenous employees and non-Indigenous Allies can collaborate, share experiences and ideas, and initiate events, activities and experiences that are accessible to all employees. In 2023, there were 18 members of our Indigenous ERG and Reconciliation Community of Practice.

Honouring National Day for Truth and Reconciliation (NDTR)

We honour NDTR by dedicating the day to learning and giving back. Each year, we host a live education session that is available to all employees. We promote the use of volunteer days for employees to support a cause meaningful to them, including opportunities that advance Truth and Reconciliation. On September 30, 2023, we held NDTR events at locations across the country, with 1,931 employees participating in person and online.

Supporting a positive employee experience for Indigenous employees

Through our engagement surveys, we found that employees who identify as Indigenous show higher rates of feelings of inclusion than other workplace groups. We are committed to creating a safe and inclusive workplace for all employees.

Being intentional about culture and ceremony

We are thoughtful about the inclusion of Indigenous artwork and land acknowledgements across our corporate offices and within our meetings to honour and respect the lands and Indigenous Peoples where we work and do business.

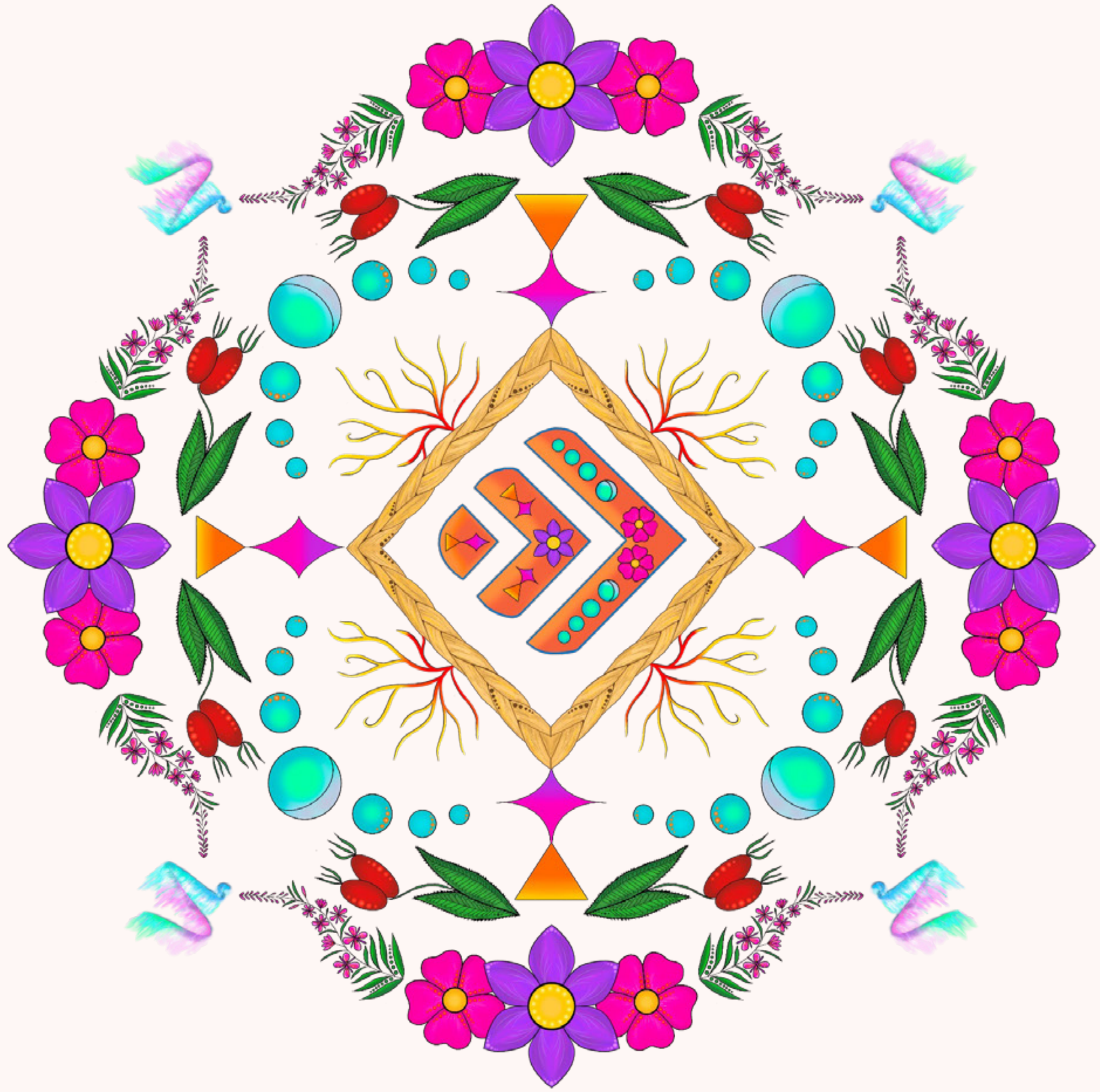
About the artist

In 2023, we put out a call for Indigenous artists to collaborate with us on artwork that would become an integrated part of our Reconciliation Strategy and serve as a visual illustration of our commitment as an organization to reconciliation. Our intention behind this creative partnership is to provide a platform for Indigenous storytelling and artistry that encompasses our core values of community and sustainability.

After careful consideration, we selected Mackenzie Brown, a Cree artist from Sturgeon Lake Cree Nation in Northern Alberta who currently resides in *Otoskwanihk* (Calgary). She is an artist, performer, drummer, storyteller, tourism entrepreneur, philanthropist and advocate.

"This artwork represents community, reciprocity and coming together for a brighter future for the next seven generations. Visual art is a reminder to us of the importance of the work we are collectively doing to further reconciliation."

Mackenzie Brown, Indigenous artist



A gathering for Indigenous youth

As part of its mandate to support young, underserved Canadians in building their financial security, Co-operators Community Funds (CCF) seeks to foster conditions that increase Indigenous youth representation in the workforce and their ability to compete in the labour market. As part of our ongoing commitment to reconciliation, and to develop a program that addresses gaps and meets the needs of Indigenous youth, we gathered in *Mînî Hrpa* (Banff, AB) to begin the process of co-creating an Indigenous youth employability program.

The Indigenous Youth Employability Gathering brought together Indigenous youth, partners, and employers to discuss the development of an impactful employability program for Indigenous youth. The aim of the Gathering was to gain insights into the challenges faced by Indigenous youth in employment and identify strategies to address these gaps. The event was co-ordinated by The Howl Experience in collaboration with CCF and Nakoda Youth Council.

Through open dialogue, the Gathering sought insights to inform the process of designing a small pilot program, which will test approaches to creating inclusive workplaces where Indigenous youth feel visible, safe, and able to develop meaningful connections they need to enhance their work experience.

26 youth

22 Indigenous
4 non-Indigenous

15

Indigenous communities/
First Nations represented

20

communities/cities
represented

6

provinces and territories
represented

Organizations represented

- Co-operators
- The Howl Experience
- Nakoda Youth Council
- Circle Project
- Western Arctic Youth Council
- Indian Resource Council
- First Nations University of Canada
- Indigenous Tourism Alberta
- Parks Canada

"Youth need to see themselves employed in the positions they may dream about. It is the employer's obligation to make that vision more feasible. By listening to youth and to the things that would make them feel comfortable and empowered, the employer can live up to their responsibilities of ensuring employees feel valued. Now that we have some research on what Indigenous youth value in a workplace, it is time for employers to implement these recommendations and calls to action before the Indigenous youth employees arrive."

Wacey Littlelight, The Howl Experience, organizer of the Indigenous Youth Employability Gathering

As a co-operative, we’re strengthened by communities

The roots of our co-operative extend deep into the soils of community. It’s where we started and it’s where we continue to thrive today—in the relationships and partnerships we forge in pursuit of our purpose and a common goal of improving the lives and the financial, social and environmental resilience of Canadians.

Living our co-operative identity

Serving our members and co-operative clients

As a co-operative, we're governed by member organizations – a group of 46 co-operatives, credit union centrals and representative farm organizations across Canada. We work to provide benefits for each one of them and their members, clients and communities. Through the principle of co-operation amongst co-operatives, and the range of products and services we offer, we strive to strengthen a sector working to build a better, more sustainable future for all Canadians.

Our members participate in our governance, including nominating and electing our Board of Directors, and have a significant influence on how we operate and our reputation. Every two years, we conduct a Member Engagement Survey to help us measure the success of existing activities and to guide future initiatives. Based on our last survey, we created marketing toolkits to help grow our Member Benefits Program, developed tailored workshops on topics ranging from climate change to inclusion, diversity, equity and accessibility, and involved members in discussions on our 2023 to 2026 strategic plan. These activities helped drive a participation rate of 100% for the 2023 Member Engagement Survey and an overall result of 93%.

We also bring financial value to members, providing them with an annual payout through our Member Loyalty Program, which is based largely on member business conducted with our company. We delivered $30.8 million to members, a strong reflection of the mutual benefits of our co-operative relationship.

Through our Member Benefits Program, we provide unique benefits to our members' members, offering access to personalized insurance coverage and savings to 178,086 households across Canada.

We also strive to provide specialized financial and insurance services for Canadian co-operatives, credit unions, and their members, and this growing book of business represents more than 25% of our total business revenue, with $1.46 billion in member and co-operative business volume. In 2023, strong retention and increased marketing efforts have offset some of the persistent growth challenges in this strategic client sector related to capacity, risk management and the growing cost of insurance and reinsurance in the commercial space.

Member Engagement

93%

$30.8 million

member loyalty payment

178,086 households

Member Benefits Program

"Our role as a community-based co-operative healthcare clinic is significantly supported by the Co-operators Member Benefits Program. This program provides critical value to our organization by maintaining enticing benefits that help us attract and retain our members, so our co-operative can thrive and continue to support and meet the needs of our community."

Dawn Martin, Executive Director,
Regina Community Clinic

Living our co-operative identity

Supporting co-operatives and the co-operative movement at a global level

Aligned with our purpose, the co-operative principle of "co-operation among co-operatives", and an understanding that the resilience of local communities is connected to global contexts, Co-operators contributed $411,184 to support the launch of the United Nations Development Program (UNDP), International Cooperative and Mutual Insurance Federation (ICMIF) and Insurance Innovation Challenge (IIC).

Sabbir Patel
CEO and Managing Director
The ICMIF Foundation

The IIC supports the most vulnerable communities globally through microinsurance programs to protect low-income people in regions inundated by increased climate risk. The IIC is designed to help mutual and co-operative insurers in emerging and developing markets scale up innovative, affordable and inclusive insurance products which specifically serve the needs of underserved households and/or micro, small, and medium-sized enterprises, with a particular focus on women.

In addition to supporting our vision of being a catalyst for a sustainable, resilient society, this program furthers the international co-operative movement and contributes to the achievement of specific Sustainable Development Goals, including No Poverty, Zero Hunger, Good Health and Well-being, Gender Equality, and more. We spoke with Sabbir Patel, CEO and managing director, The ICMIF Foundation about the work of the IIC.

How will the IIC help to build a more resilient, sustainable global society, and provide financial security for the world's most vulnerable?

Sabbir Patel: As people-based organizations, our approach to strengthening resilience is beyond that of simply selling insurance products. Our journey begins with engaging communities to understand, reduce and prevent risks. Each program is layered with a strong focus on financial education, empowering individuals to participate in the development of relevant insurance products which are integrated into an overall risk management and vulnerability reduction strategy. Training is given to local people to administer the program, providing employment opportunities and ensuring continuous proximity to the client.

A unique component of the IIC is providing technical support and know-how from mutuals around the world, including those that have successfully developed microinsurance programs to scale in emerging markets.

"By bringing together local communities and like-minded insurers around a common objective of building resilience, we believe the IIC has the potential to achieve a long-lasting sustainable impact on the lives and livelihoods of the most vulnerable."

Sabbir Patel, CEO and managing director,
The ICMIF Foundation

Living our co-operative identity

Showing up in our communities

Every year, our employees and Financial Advisors show up to support their local communities through volunteering, donations and community involvement. Through paid volunteer days, corporate partnerships, awards and annual giving campaigns, we help our people give back to the things that matter to them, support our purpose, and build a resilient community fabric in the places where they live and work.

Annual giving campaign

Through our annual giving campaign, we engaged employees to support a charity of their choice through personal donations. In addition to Co-operators annual United Way donation, employees voted to distribute $105,000 between Food Banks Canada and the Canadian Red Cross. These donations will help Canadians living with food insecurity and Canadians recovering from climate-related disasters to improve their personal and community resilience.

Throughout the campaign, employees chose from several Canadian organizations working to advance financial, social and environmental resilience.

Total employee contribution

$244,609

Total Co-operators contribution during our annual giving campaign

$466,209

Volunteering in our communities

Teams and individuals across our co-operative volunteer their time to support the initiatives and charities that matter most to them.

Total equivalent salary to support employee volunteering

$1,212,454

Percentage of employees who used a portion of their paid volunteer days in 2023

40%

Total volunteer hours tracked

27,031

Community support

For over 30 years, our employees have joined together to harvest the apple orchard on the grounds of our CUMIS headquarters in Burlington, Ontario and support the food security of our local communities.

Number of employee volunteers who participated in our annual Apple Day

350+

Approximately

14,500 kg

of apples picked.

Distributed to over

100

community organizations

Team volunteering spotlight

One group of employees, the Legal, Compliance, Records Management and Privacy team, has gone above and beyond to make volunteering a co-ordinated priority, and an integral part of making their day-to-day work a personally meaningful experience.

"Our team have challenged themselves to use the volunteer opportunity to make a meaningful and lasting impact within our local communities. In 2023, 90% of our team members had utilized the volunteer time available to them and had given back over 700 hours to their communities."

Shawna Sykes, Vice President, Compliance and Chief Compliance Officer

Living our co-operative identity

Financial Advisors supporting communities

Co-operators Financial Advisors are on the front lines bringing our purpose, vision and values to life in communities across Canada. Through the Advisor Community Fund (ACF), our Financial Advisors receive additional funding support from Co-operators to amplify the impact of their local donations. In 2023, the ACF reached its highest level of support since inception, with a total of $1.2 million delivered to local community organizations.

This year, among the 133 advisors who participated in the ACF program, a group of seven advisors from the Grey-Bruce region of Ontario teamed up to pool resources to support a groundbreaking mental health, recovery and wellness facility in Owen Sound. Through their own contributions and working with their communities, they raised a total of $106,000 toward the effort. This project is the first of its kind in the region, and is based on harm reduction and recovery principles, providing a safe environment for individuals needing support and management of substance use and mental health concerns. The model of care is based on wellness outcomes identified in the First Nations Mental Wellness Continuum: purpose, meaning, belonging and hope. These correspond to physical, mental, emotional and spiritual wellness as depicted on the Medicine Wheel.

Pictured L to R on next page: Jason Legge (Owen Sound), Ryan Enright (Hanover and Durham), Jennifer Cook (Kincardine), Dean Ribey (Walkerton), Peter Morgan (Meaford)

Absent from photo Jocelyn Robbins (Port Elgin) and Derek Young (Wiarton).

Advisor Community Fund

Total Financial Advisor contribution

$345,262

Total Co operators contribution

$880,069

"By financially supporting the build of a world-class mental health facility, individuals who need help will receive the treatment they need right where they live. Through this work, our communities can become more resilient, and we can help vulnerable people in our community thrive."

Dean Ribey, Financial Advisor, Walkerton, ON

Special feature

Ecosystems of social impact

The collective effort to build sustainable, resilient communities is strengthened by collaborative, grassroots action. Like ecosystems, community resilience thrives amidst a diversity of activities, where co-benefits overlap and intersect, moving us toward an inclusive economy that values the social wellness of our people, strengthens the resilience of our environment, and champions a co-operative society.

Social impact for community resilience

Community resilience is the overarching theme that unites and provides a rationale for our vision of impact, while contributing to our purpose. Financial security can only be achieved when our communities are resilient.

We work with community organizations to build environmental resilience, enrich social wellness, create a more inclusive economy and champion a co-operative society. Taken together, these key dimensions of resilient communities make up the focus areas of our social impact framework.

We invest in Canadian communities

$12.2 million

contributed in community investments

2022: $10.6 million
2021: $8.3 million

$1.1 million

disbursed to charities and non-profits from the Co-operators Community Funds

2022: $900,000
2021: $757,000

Environmental resilience

We support activities that reduce risks related to climate change, including physical, health and other long-term risks through both mitigation and adaptation; and protect, maintain and restore healthy ecosystems and ecosystem services, particularly within agriculture. For example, in 2023 we supported the Smart Prosperity Institute, a national research network and policy think tank based at the University of Ottawa. It published "Carbon Offsets for Farmers", a comprehensive review of the current landscape and opportunities for farmers to participate in carbon offset markets. We also provided funding to support nature-based flood resilience in the Grindstone Creek Watershed in Southern Ontario, in partnership with the Natural Assets Initiative. This green infrastructure watershed restoration project is exploring how the revitalization of the watershed can reduce overland flood risk exposure in the local municipalities, while enhancing biodiversity and environmental well-being.

Social wellness

We focus on promoting positive mental health, particularly among Canadian youth (aged 18 to 25), aiming to create personal/mental health resiliency by connecting a diversity of young people to tools, education and supports. One example in 2023 was our ongoing partnership with Enactus Canada, through which we launched the Mental Health Ambassador Program to recruit one champion per Enactus team to promote actions that contribute to positive mental health and connect peers to mental health resources. This program builds on five years of partnership with Enactus, during which we have offered mental health first aid training and education to post-secondary students at business competitions, leadership summits and online.

Inclusive economy

We contribute to groups supporting historically underserved individuals who face barriers preventing them from accessing decent work. In an inclusive economy, people will be empowered through job skills training, employment opportunities and increased access to programs, products and advice that can help build their personal and financial resiliency. Through Co-operators Community Funds (CCF), we support young, underserved Canadians and people with mental health challenges as they build their financial security. In 2023, $1,140,000 in grants were disbursed to 42 organizations. Learn more about CCF and its recipients at cooperators.ca.

Co-operative society

We're committed to supporting a thriving co-operative sector in Canada by helping co-operatives develop their businesses and manage their risks, and by educating youth about the co-op model and inspiring them to actively support co-ops. We contributed $2.0 million to the ongoing development and advancement of the Canadian co-operative sector in 2023. A significant portion of this support comes through our Co-operative Development Program (CDP), which contributed $500,000 to 38 emerging and expanding Canadian co-operatives.

Supporting co-operatives on the path to net zero

In 2023, we deepened our partnership with Green Economy Canada, a national non-profit accelerating Canada's transition toward a vibrant and inclusive net-zero future, providing almost $70,000 in funding to support the expansion of Green Economy hubs across Canada that are engaging businesses in setting and achieving sustainability targets.

Priyanka Lloyd
Executive Director
Green Economy Canada

Priyanka Lloyd, the executive director of Green Economy Canada, discusses how they are helping a cohort of Co-operators member organizations reduce greenhouse gas emissions.

How is Green Economy Canada helping Canada transition toward its net-zero targets?

Priyanka Lloyd: Green Economy Canada is a national non-profit working to mobilize the 1.3 million businesses and organizations in Canada to make the transition to a net zero future. Through our network of Green Economy Hubs, we provide tools, training, one on one support, and the power of a peer network to help any organization take action on climate change and build sustainability into their operations.

What are the biggest barriers we need to overcome, when it comes to a collective effort to reduce emissions in Canada?

PL: One of the biggest barriers is a lack of understanding. Businesses don't know how climate change relates to their everyday activities. They also have no idea what they can do about it, especially when there are so many competing priorities. There is a misconception that climate action is all about feel-good gestures, but we've seen, time and again, that climate change mitigation is beyond the right thing to do. Reducing emissions can save businesses money, and help them attract and retain top talent, mitigate risks and strengthen customer relationships. It's where the world is heading in terms of expectations of how business is done. Some think that addressing climate change is the purview of policymakers and big business. But small- and medium-sized enterprises, which represent 99% of the organizations in Canada, form the backbone of our economy. If we mobilize them on the path to net zero, imagine the progress we could make on reaching our climate goals, not to mention the economic growth we could see in local communities across the country. We can do incredible things when we put our minds to it, and helping people relate to and see themselves in a net-zero future is key to unlocking that potential.

In your recent work with Co-operators members, do you think co-operatives are well-positioned to rise to these challenges?

PL: Our recent work with Co-operators members has reinforced that co-operatives are well positioned to be leaders in the transition to a green economy. Their values around collective empowerment and community engagement allow them to tackle challenges from the bottom-up and with a broader perspective. As member-driven organizations deeply embedded in their communities, co-operatives can take action in their own operations to demonstrate what's possible and play a key role in empowering the stakeholders they serve to be a part of creating more sustainable communities.

Youth-centred mental health in Ontario

Of the 46,000 youth between the ages of 12 and 26 living in Guelph and Wellington County in Ontario, it is estimated that 80% are now in need of mental health and wellness services. To help address this significant challenge, The Grove Hubs operate drop-in sites in Guelph and Wellington County where youth can access comprehensive mental health and related supports under one roof. The Hubs deliver the Integrated Youth Services model of care, which aims to build effective, youth-focused and integrated services for mental health, substance use and related issues.

Jeff Hoffman
Chief Development Officer
The Grove

Co-operators has supported The Grove since 2021 with a contribution toward their Youth Ambassador Program, which hires and trains youth with lived experience of mental health struggles to provide onsite support to youth and offsite outreach initiatives to increase community awareness. Jeff Hoffman, chief development officer at The Grove discusses the importance of the youth-centred approach and how they are addressing mental health in their region.

How is The Grove working to support youth mental health and wellness?

Jeff Hoffman: The Grove Youth Wellness Hubs are needed in our community now more than ever, providing youth with a sense of belonging and social inclusion. The Hubs are open to all youth with no barriers to entry. Youth can visit daily, have a snack, charge their cell phones, play a game of pool, finish their homework, read, and find other ways to engage and connect. While at The Grove, youth can interact with teams of professionals from more than 40 organizations. The solution for youth is to make access to service as easy as possible, right in the communities where they live. The Grove is doing this by bringing services to youth, in a place where they feel safe – everything they need is all under one roof.

What are the most pressing challenges young people in Canada are facing in terms of their mental health?

JH: Based on a study released by our local health unit, we know there have been increases in mental health challenges across all mental health indicators following the pandemic. The largest increases have come with eating issues, distraction, psychological distress and body image. Young people have also seen increased challenges in self-esteem, coping and feeling hopeful about their future. Service use for mental health and addictions increased both in the community and hospitals for children and youth in our community.

Why is it important that young people are active participants in your model?

JH: Youth engagement at The Grove is an active and ongoing process that embeds youth representation and voice at all levels of planning, implementation, and evaluation activities. It ensures that the services and related processes we offer are responsive to the unique developmental needs and preferences of youth in our region.

Each of our locations has a Youth Engagement Working Group that provides a formal mechanism for youth from the region to be fully engaged as partners. These groups meet monthly and are significantly involved with the space and program design of The Grove Hubs. Youth are also involved with the evaluation framework and measurement and participate in working groups to help enhance program offerings.

Understanding the gaps to financial supports for people with low income

To support progress toward our purpose of financial security for Canadians and our communities, we've partnered with Prosper Canada, a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation. With funding from Co-operators, Prosper Canada completed a 2023 study that found that Canadians with low incomes are increasingly financially vulnerable but lack access to the help they need to rebuild their financial health. We aim to fill the gaps in financial help for low-income Canadians, and to apply learnings from our collaboration to inform our insurance and wealth offerings in a way that best serves these individuals. Lisa Rae, Director of Systems Change at Prosper Canada discusses the gaps that exist, and how we're collaborating to build financial security for all Canadians.

Lisa Rae
Director of Systems Change
Prosper Canada

What gaps exist for lower-income Canadians who have been historically underserved by financial services organizations?

Lisa Rae: Despite having distinct and complex financial needs and challenges, Canadians with low and moderate incomes have very limited access to affordable, appropriate and trustworthy financial help. Much of the financial help available to financially struggling Canadians comes in the form of very basic services, which are often not suited to their needs. This remains the case because private-sector financial service providers lack a business case to better serve people with lower incomes, including understanding their distinct needs and tailoring services.

What needs to be done to build financial security for these groups of people?

LR: One solution is to ensure financially struggling Canadians have access to more affordable and tailored financial help. Non-profit organizations, who currently provide free, appropriate and trustworthy financial help to people with low and moderate incomes need to be better and more sustainably funded in order to better meet community needs; governments need to help with this funding and ensure a fair regulatory environment and the private sector needs to explore and pilot better ways to support their lower-income clientele.

What inspires you most about the important work ahead to address these gaps and build financial security for all Canadians?

LR: While working on the issue of financial help for lower-income Canadians, Prosper Canada has been heartened by the openness and enthusiasm to help close the gap from government, community and private-sector stakeholders, like Co-operators. We know this is a problem that cannot be solved by one sector alone and are inspired by the interest from stakeholders across the financial services ecosystem to find solutions that will help all Canadians access the financial help they need to build their financial health.

Empowering Legacies of Black Women Professionals and Entrepreneurs

Black Women Professional Co-operative (BWP Co-op) is a multi-stakeholder co-op that aims to empower women professionals and entrepreneurs, including those in the food ecosystem, to operationalize their businesses and scale up to mainstream local channels and international markets. As a recipient of our Co-operative Development Program, Co-operators is supporting their efforts to offer access to professional mentorship, coaching and business training, networking opportunities, tools and resources.

Juliet 'Kego Ume-Onyido
Co-founder
BWP Co-op

Obie Agusiegbe
Co-founder
BWP Co-op

BWP Co-op provides a safe space for all members to collaborate and co-create with one another via a Rotating Savings and Credit Association (ROSCA+), investment club, peer-to-peer lending and support. We spoke with Juliet 'Kego Ume-Onyido and Obie Agusiegbe, two of the ten co-founders of BWP Co-op on how BWP is empowering their members to create inter-generational wealth, contribute to their communities, and build meaningful legacies.

How is BWP Co-op supporting its members to build financial security and community resilience?

Juliet 'Kego Ume-Onyido: At BWP we empower our members with solid foundational services by investing in financial literacy, business development and member education, with a focus on the cooperative model and sustainability. We are adaptive in diversifying our revenue streams, investing in sustainable certifications and practices like organic farming, collaborative marketing and ensuring living wages for worker-members. Overall, these measures enhance economic stability while aligning with environmental/social sustainability, ensuring a resilient and prosperous cooperative community for members.

What current issues or trends are top of mind for you, when we think about the economic landscape and food ecosystem in Canada?

JK: To name a few: the housing crisis, food insecurity, an aging farming demographic, challenges in succession planning, the rights and policies of migrant workers, disruptions in logistics and supply chains, the impact of climate change, an increase in insurance premiums, and associated costs in the food ecosystem all present challenges. As inflationary pressures continue, consumers are seeking ways to reduce spending, while continuing to enjoy quality of life. We collaborate with members on creative cost-saving strategies, such as buying local foods, promoting community farms and backyard gardens, and ensuring mental wellness through community care practices.

What inspires you most as you consider the future of your co-operative?

Obie Agusiegbe: Our co-op is non-hierarchical; every member's voice is heard and valued. We are constantly sharing ideas, learning and seeking ways to innovate, grow and transform. We are excited at the opportunity to co-create a future of work that is accessible, equitable, inclusive, and offers a sense of belonging/agency to our members. We are inspired by the vision of building a culturally informed co-operative that meets the needs of Black women in Canada, and around the world.

BWP Co-op Board Members on next page (pictured left to right): Amaka Uzuakpunwa; Ada Iwenofu; Obie Agusiegbe; Juliet Kego Ume-Onyido; Linda Ekwe.

Governance performance

Through our governance, we execute on our purpose and reinforce our co-operative identity, reflecting the values of a vibrant co-operative movement and ensuring we are a catalyst for a resilient and sustainable society.

Co-operative governance

2023 governance highlights

Driving effectiveness to align with our strategy

Our board successfully fulfilled its mandate in the second year of operations under its new committee structure and remains focused on overseeing and providing input to the execution of the 2023 to 2026 strategic plan. Its goal: to ensure that transformation activities position Co-operators for long-term success in the face of trends that are driving change within the financial services industry.

Transition to IFRS 17 and IFRS 9 and governance oversight

On January 1, 2023, new International Financial Reporting Standards (IFRS) took effect that change the way our financial statements are presented. IFRS 17 for insurance contracts and IFRS 9 for financial instruments are mandatory for any insurance company in Canada and any other jurisdiction around that world that applies IFRS. These new standards increase the transparency of financial statements, which makes it easier for members, clients and other financial statement users to compare Co-operators financial performance with competitors. The implementation was a significant, cross-functional and collaborative undertaking over the last six years to ensure compliance.

Increasing risk and compliance oversight by our board in an evolving regulatory environment

The structure of our co-operative and its subsidiary entities entails a complex and evolving federal and provincial regulatory environment that informs our governance structure and risk and compliance practices. Canada's Office of the Superintendent of Financial Institutions (OSFI) is a key regulator with a mandate that includes sound risk management and governance practices for financial institutions. OSFI has announced the revision or introduction of six regulatory guidelines that are currently expected to come into effect in 2024 and 2025. These guidelines cover risk areas including technology and cyber, third-party risk management, reinsurance, climate, and culture and behaviour. There is also new or forthcoming legislation impacting Co-operators business, such as the new Charter of the French Language in Quebec, reform to provincial and federal privacy legislation, and the introduction of the federal Artificial Intelligence and Data Act

Continuous board and committee educational development

The Board dedicates two days each year to education to foster ongoing board and director learning and development. These semi-annual sessions are complemented by an annual Audit and Finance Committee education day, committee education sessions, and individual director training and development involvements. Board education days focused on IDEA, sustainability (including social impact and climate change), biodiversity and nature, financial performance and reporting, industry trends, privacy and compliance, and advancements in information technology and cybersecurity.

Our governance

Our board and committees

Our board has seven standing committees, each with their own mandate and Terms of Reference, which defines the roles and responsibilities to guide their focus and work. The complete board committee Terms of Reference and descriptions of board committees can be found online in our Supplementary Disclosures.

Our board

We are governed by a democratic principle of one member, one vote. The directors of our co-operative 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.

Board Committees

- Audit and Finance
- Compliance and Ethics
- Governance and Co-operative Identity
- Human Resources
- Risk
- Sustainability
- Resolutions

Back row (L-R): Hazel Corcoran, Lorna Knudson, Jessica Provencher (Governance and Co-operative Identity Committee Chairperson), Jennifer Uhren, Jack Wilkinson (Sustainability Committee Chairperson), Nicole Waldron, Mike Csversko, Pierre Dorval, Michael Barrett

Front row (L-R): Jim Laverick (Audit and Finance Committee Chairperson), Chris Johnson (Compliance and Ethics Committee Chairperson), Phil Baudin, Robert Moreau (Human Resources Committee Chairperson), Jim MacFarlane, Louis-H. Campagna, Shelley McDade

Absent: Brent Clode, John Harvie (Board Chairperson), Kate Hill, Christie Stephenson, Alexandra Wilson (Board Vice-chairperson and Risk Committee Chairperson), Rod Wilson

Spotlight on our governance

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

124
Delegates who nominate and elect our Board of Directors

22
Directors

Board composition

13
Men

9
Women

0
Non-binary

7
French speaking

0
Indigenous

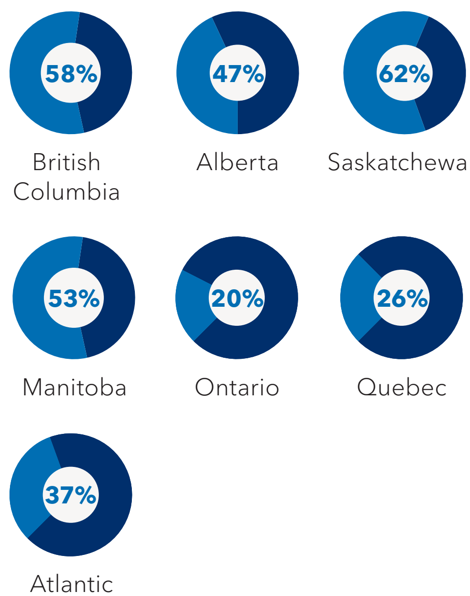
1
Visible minorities

0
With a disability

41%
Women on the board

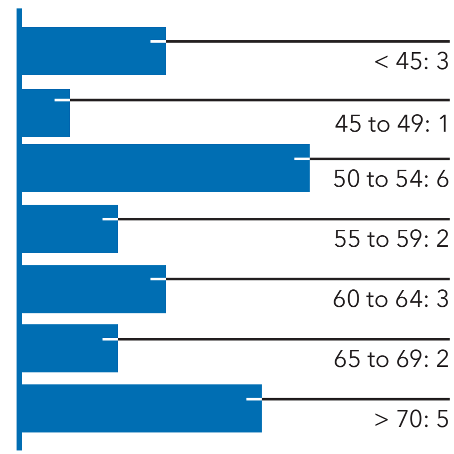
2022: 36% 2021: 36%
Target: 50% by the end of 2025

Women delegates in each region



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

Director age ranges



652
Cumulative years of experience among directors in the co-operative and credit union/caisse populaire sectors

25
Number of days directors spent in individual training and development

8
Number of directors with a professional designation

Q&A

Sustainability embedment

Co-operators has a heightened emphasis on building resiliency into our operations, investments and advocacy, and building influence in our communities. Jack Wilkinson, chair of the board Sustainability Committee, explains how the Committee is playing an integral role in supporting the board's oversight of these critical areas.

Jack Wilkinson
Chairperson,
Sustainability Committee

The Sustainability Committee (SC) assists the board in fostering a culture of and leading practices in sustainability, while providing critical oversight of Co-operators sustainability performance. The SC and board have monitored the implementation of the Sustainability Policy and the organization's efforts towards its vision of being a catalyst for a resilient and sustainable society. This includes monitoring emerging issues, risks and opportunities and advising on the sustainability and resilience components of corporate strategy and engagement.

The SC reviews and recommends policies, strategies and priorities to enable the integration of sustainability across the organization. This includes advising on policies, standards and performance of sustainable investing activities, including impact investing. The board oversees the sustainability impacts of key decisions, and monitors and advises on measures to enhance sustainability governance practices.

The board also received education sessions on sustainability topics, including social impact, climate change, and biodiversity and nature. The board is committed to its continued engagement in sustainability and achieving its 2023 to 2026 Board Annual Sustainability Targets.

What issues or trends are top of mind for you and the Sustainability Committee as we continue to navigate rapid change in the world around us?

Jack Wilkinson: We need to demonstrate to our clients that we can deliver on our net-zero targets, while offering insurance and investment products that assist us in this necessary transition. Our impact investments (including investments in resilience) and climate transition can contribute to catalyzing sustainable markets. And, on the insurance side, through our sustainable products and claims solutions, we can demonstrate to Canadians that it is possible to rebuild in sustainable ways that prevent future losses. At the end of the day, our products need to incentivise behaviours that will reduce risk and protect the financial security of the people we serve.

What are the most significant challenges we face in terms of embedding sustainability into our governance?

JW: We face a significant challenge in the need to overcome an impression – or misconception – that moving quickly to meet pressing sustainability and net zero targets will hurt our bottom line. In fact, adapting to a low-carbon future often gives us unexpected savings, and equips us with a new way of thinking and problem-solving that can enhance our profitability, both in the short term, and certainly as we consider our legacy into the future.

In many ways, we're making great progress in response to this challenge. Our board and committee structure have been changed to make us more accountable. Our president and CEO has set sustainability performance targets tied to our net-zero targets as part of his compensation, and this will be expanded to include vice presidents in 2024. Now, our task is to further embed these ideals through our enterprise and assist our members along their own sustainability journeys.

What have been our greatest achievements in terms of embedding sustainability into our governance structure and practices?

JW: Board conversations reveal a palpable sense that this is a challenge we can meet. Our co-operative has many levers through which we can influence the economy – our insurance products, investments, advocacy, partnerships and relationships. We must use all of these levers if we are going to be successful. It needs to be a co-ordinated, co-operative approach, and we're committed to continuing this work.

Sustainability integration

With an increased focus on sustainability, a member of each of our standing committees populates the composition of the Board's Sustainability Committee. This ensures better integration with each committee's mandate. Each Sustainability Committee representative reports on the highlights of Sustainability Committee meetings to their standing committee, and discusses any matters that may impact their work.

For key highlights on sustainability and climate-related board activity undertaken in 2023 by our board committees please refer to the Governance section of our 2023 Climate Report.

IDEA in Governance

Advancing diversity in our governance

Bringing IDEA into our governance enhances the board's understanding and decision-making processes, allowing us to better represent and deliver value to our members and the communities we serve. Embracing IDEA in Governance also positions us as a forward-thinking leader in the financial services industry and the broader co-operative movement.

Our board recognizes and values the benefits of diversity as a key driver of our co-operative identity, competitive success and governance strength. As such, the board has emphasized the advancement of IDEA at the governance level over the past two years and embarked on the development of an IDEA in Governance Strategy in partnership with a leading diversity and inclusion consulting firm.

To support the strategy development, we invited delegates and members' governance professionals to participate in focus groups and surveys to share their experiences in our governance. The board then reviewed and provided input to the proposed IDEA in Governance Strategy, which was approved in 2023.

IDEA in governance strategy

Goal one: IDEA in governance adoption

We will commit to work towards inclusion, diversity, equity and accessibility in our oversight and governance to meet the current and future needs of our board, our members and the communities we serve.

Goal two: Inclusive leadership and governance practice

We will model and encourage inclusive behaviour in our governance practices. We will also review our governance practices with an IDEA lens and consider IDEA when making decisions and advising on strategic priorities.

Goal three: Diverse representation

We will strive to have diverse representation in all governance levels of the organization to better reflect the communities we serve.

Goal four: Culture of belonging

Building on our belief in democratic engagement, we will create a governance culture that is welcoming, where all voices are being heard and we will celebrate all milestones.

Q&A

Our IDEA in governance strategy

Our strategy is built upon a set of board-approved IDEA guiding principles, and is intended to be used as a framework to guide future IDEA discussions, to inform policies, and to facilitate and broaden engagement and participation. The guiding principles also enhance our understanding and decision-making processes, enabling us to better serve our diverse members and their communities, and position us as a leader in the financial services industry and the broader co-operative movement. Board director Jessica Provencher explores how we're working to embed IDEA in our governance processes and structures.

Jessica Provencher
Chairperson, Governance and Co-operative Identity Committee

To support our goals, directors complete foundational IDEA training, maintain leadership roles in the industry, and publicly advocate for IDEA in Governance. They aim for continuous improvement and integrate IDEA principles into board recruitment, nomination and election processes, while incorporating board culture and inclusion practices into their decision-making.

When you consider the purpose of our co-operative, how does our IDEA in governance strategy help us achieve financial security for Canadians and our communities?

Jessica Provencher: There's a direct link. If we have a diverse board, we become equipped with a diverse lens to better understand the world we live and operate in. This helps us understand the needs in our communities and the gaps that exist in terms of financial security. As a board, we will be better able to identify opportunities to bridge those gaps. We will ask questions that prompt us to think differently and more inclusively about proposed solutions. Not only does diversity make us more resilient as a business, it also helps us leave no one behind and serve all communities, including historically underserved communities, in their journeys to financial security.

What issues or trends are top of mind for you as we consider the importance of IDEA, when it comes to the way financial institutions are operating – especially in the context of systemic barriers that might exist in our industry and society?

JP: There's a representation problem in our industry. Financial institutions are often perceived as being in their own world, one that has historically favoured a narrow demographic of people that is not inclusive of the diversity of talent, perspectives and backgrounds that are represented in our communities. For our sector to truly succeed and thrive in a sustainable way that meets the needs of our communities, we need all types of people to understand that they have a place at the table and that we want to learn from them.

We also need to broaden our definition of 'wealth'. I believe having more diverse backgrounds and identities in our governance will enable us to rethink, and redefine, what wealth means and how we measure it, even in a very generic way. We should also be rethinking what role and impact organizations and businesses should ultimately have in our society. I believe Co-operators is an impactful organization with a strong purpose, and I am convinced that our IDEA in Governance Strategy can help us to not only achieve the goals of our co-operative, but better enable us to be leaders to catalyze a more resilient and equitable society.

What are the most significant challenges we face in terms of successfully implementing IDEA in our governance?

JP: We're governed by a wide range of members, which operate across a variety of sectors and geographies. Keeping our members involved and committed to the IDEA in Governance Strategy will be a challenge. Because they nominate and elect our Board of Directors, members are the first key players in this work. We need to understand them and how they can contribute to the strategy, so we can support each other along this journey. This challenge also provides a great opportunity to make a broader impact because, as we provide training and education to our members, we can continue to cultivate and nurture conversations with thousands of their members from coast to coast to coast.

We can't rest on our laurels and expect transformations in our society to do the work for us. We need to remain focused, intentional and committed to executing on the strategies we put in place.

Governance

Democratic succession

In 2023, the board approved the introduction of a Democratic Succession Sub-committee to enhance Co-operators approach to democratic succession more deliberately. The sub-committee will seek to ensure that strategies, policies, processes and practices related to delegate appointment and director nomination and election are aligned with our democratic structure, renewal mechanisms and IDEA in Governance.

Michael Barrett
Director,
Board of Directors

It is critical that our board have the appropriate mix of skills, experience, diversity and perspectives required to oversee and guide our future success. To ensure this, our board is focused on succession planning for board leadership positions (board and committee chairperson roles), renewal mechanisms, and opportunities to progress IDEA in governance. In 2023, the board introduced the Chairperson Learning and Development Pathway to support board leadership development, with an annual board and committee chairperson training session; approved a 15-year director term limit, which will be subject to member approval in 2024; and introduced a Democratic Succession Sub-committee, which will become effective in 2024.

The resilience of our co-operative depends in part on having delegates and directors who contribute a diversity of skills, views and experiences to oversight and decision-making. Continuity within the delegate body and the board helps build corporate memory for sustained oversight effectiveness, while renewal brings fresh thinking, reflects societal changes, and creates opportunities for previously under-represented groups to participate in governance. In appointing delegates and nominating persons for election to the board, our members must keep this fine balance in mind.

How does democratic succession help us achieve financial security for Canadians and our communities?

Michael Barrett: One of the primary objectives of the board is to protect both our members' and our clients' investment and well-being through financial oversight. Done well, succession helps to ensure that our diversity and our shared values are protected and enhanced. It contributes to a strong member-owned co-operative through a highly skilled and diverse board that is based upon balancing skill and values. This supports our broader community focus.

What issues or trends are top of mind for you and the democratic succession sub-committee as we continue to navigate the evolving operating environments and contexts of financial institutions?

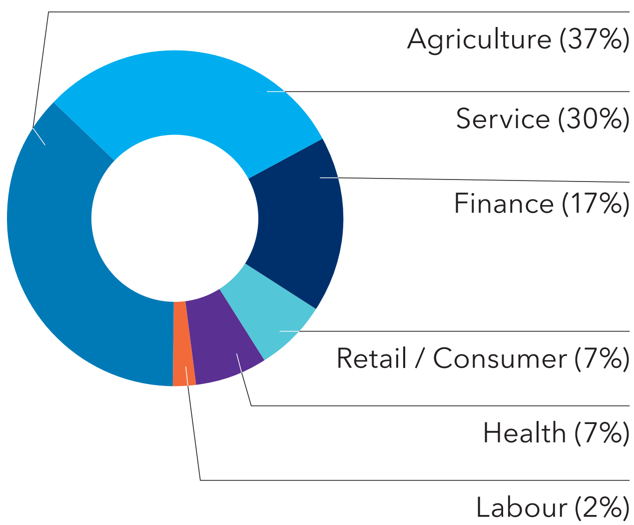
MB: Society evolves. Insurance evolves. Governance matures. As a co-operative it's crucial that we represent and recognize our communities and the need for representation. Products and outreach are critical steps forward. Recognizing our past, we must chart our future taking into consideration the need for diversity, equity, and our partnering in an environmentally sensitive future. As a co-operative, we need to continue to lead initiatives that illustrate our values-driven targets, demonstrating our commitment to the needs of our communities and our members.

Governance

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

Delegates represent
7
regions across Canada

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

"One of the most valuable aspects of the member relationship is knowledge sharing. By connecting with leadership across the member network, we share valuable insights, experiences and best practices, which contribute to increased efficiency, effectiveness and success across the sector."

Cathy Lennon, General Manager, Ontario Federation of Agriculture

What are the most significant challenges we face in terms of democratic succession?

MB: In a market that continues to face change (financial regulations, governance, societal and environmental pressures), we need to work towards ensuring a strong board, with diverse representation from all communities, combined with a unique balance between skills and values. There is a need for continued strong representation at all levels of our governance model. This will help us work towards solutions to the critical elements that we need to step forward in leadership. Specifically, we are committed to ensuring that we embed principles of IDEA, sustainability, and transparency into our democratic succession planning.

Governance

The next generation of co-operative leaders

Working in collaboration with Co-operatives and Mutuals Canada (CMC), we've provided a unique leadership development opportunity for 12 up and coming changemakers who are making a difference at their co-op and within their community, with the Co-operators Young Leaders Award.

Kristen Murray
2023 Co-operators Young Leaders Award Winner

"Being a part of the Co-operators Young Leaders community has been an extraordinary experience. I have been endlessly thankful for the opportunities, the friends and the learning that have blossomed from the CYL Award."

Pictured right: 2023 Co-operators Young Leaders Award Winners

Member information

Our members

We are governed by 46 members – a group of 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
- Fédération des coopératives du Nouveau-Québec
- Fédération des coopératives funéraires du Québec
- Fédération québécoise des coopératives de santé
- 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

Take 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. 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

Our strategy is linked to global sustainability efforts

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.

To ensure that we are meaningfully and strategically aligning our organization to the SDGs, we have 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

UN SDG	SDG target or indicator	2023 Highlight	More information
1: No poverty	1.2 reduce poverty	1.2 – $1.6 million was disbursed in 2023 through corporate giving and Co-operators Community Funds, to support employability as well as personal and financial resilience.	Page 114
	1.4 equal access to financial services	1.4 – Our wealth products, services and advice are inclusive of lower-income Canadians.	Page 44
	1.5 climate resilience of the poor/vulnerable	1.5 - We contributed $150,000 to Partners for Action, in part to support the launch of their Social Vulnerability Index. This tool locates areas of marginalized and lower-income populations, and overlays this information on a map with flood zones to determine where programming and additional resources are needed to help reduce the impact of flood events.	Page 71
2: Zero hunger	2.4 build sustainable and resilient food and agricultural systems	2.4 – Through our Corporate Venture Capital Fund, we invested in Vive Crop Protection, a company that develops products and technologies to increase agricultural grower return on investment, efficiency and sustainability.	
3: Good health and well-being	3.4 mental health and well-being	3.4 – We paid $33.9 million in mental health-related group benefits claims in 2023.	
4: Quality education	4.4 increase skills for employment	4.4 – We held an event with 22 Indigenous youth, 4 non-Indigenous youth and 25 service providers to co-develop programming for Indigenous Youth Employability in Canada.	Page 102
5: Gender equality	5.1 end discrimination	5.1 – We have 10 Employee Resource Groups in place, which are voluntary, employee-led groups that foster an inclusive and equitable workplace and help give a voice to historically marginalized or under-represented groups.	Page 96
	5.5 equal opportunity for women in leadership (5.5.2: The proportion of women in managerial positions)	5.5 - 42% of our senior leaders (vice president and above) identify as women.	Page 95
6: Clean water and sanitation	6.6 protect/restore water-related ecosystems	6.6 - We provided $50,000 in funding to the Natural Assets Initiative, to further its efforts to build the investment case for scalable watershed financing.	Page 115
7: Affordable and clean energy	7.2 increase renewable energy share	7.2 - Impact investments supported projects that generated 21.4 million MWh of renewable energy.*	Page 59
	7.3 improve energy efficiency	7.3 – We opened two new workplaces in LEED certified buildings in Calgary.	

UN SDG	SDG target or indicator	2023 Highlight	More information
8: Decent work and economic growth	8.4 improve resource efficiency 8.6 reduce youth unemployment 8.10 access to financial services for all	8.4 – We are diverting waste and promoting the circular economy in claims through the resilient and sustainable claims processes. 8.6 – Through the Inclusive Economy area of focus of our corporate giving program, Co-operators Community Funds, and the Indigenous Youth Employability Program, we are focused on funding initiatives that aim to reduce youth unemployment. 8.10 – Our wealth products and services increase access to financial services (see 1.4).	Page 34 Page 115 Page 44
9: Industry, innovation and infrastructure	9.1 develop resilient infrastructure 9.4 more low-carbon and resource-efficient infrastructure and industry 9.4.1 CO_2 emission per unit of value added	9.1 – Our resilience investing project aims to fund climate-resilient infrastructure in communities across Canada. 9.4 – We were responsible for 21,311 tonnes CO2e emissions in 2023, which were neutralized through offsets. 9.4.1 – Our emissions relative to total income was 3.2 tonnes of carbon dioxide equivalent/$1 million in 2023.	Page 66 Page 83 Page 83
10: Reduced inequalities	10.1 income growth for bottom 40% 10.2 inclusion for all	10.1 – Through Co-operators Community Funds impact investing efforts, we invested $125,000 in Windmill Microlending, a national charity that provides affordable microloans to financially vulnerable clients. 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 60 Page 115
11: Sustainable cities and communities	11.1 access to affordable housing 11.2 access to sustainable transport systems 11.5 reduce losses from disasters 11.b communities adopt policies/ plans for inclusion, resource efficiency, and climate resilience	11.1 and 11.2 – Impact investments supported projects and initiatives that were responsible for 44,918 units of affordable housing, in addition to green bonds that fund sustainable transportation in our communities.* 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. We are also collaborating with ICLEI Canada, through the Financing Resilient Infrastructure Project, working with 10 Canadian municipalities to develop resilient infrastructure project profiles that private investors could help realize. Results of the program will be shared to help other municipalities identify finance-ready climate-resilient infrastructure projects in their communities. 11.b – Our partnership with the Federation of Canadian Municipalities aims to increase capacity to build climate-resilient infrastructure.	Page 59 Page 30 Page 58

UN SDG	SDG target or indicator	2023 Highlight	More information
12: Responsible consumption and production	12.5 reduce waste generation 12.6 corporate adoption of sustainable practices 12.8 educate public on sustainable lifestyles	12.5 – Claims solutions and partnerships promote the circular economy and reduce waste from the claims process. 12.6 – Addenda Capital advocates for and supports companies in adopting ESG principles and reaching net zero targets. 12.8 – We support several initiatives that help educate and inform the Canadian public on sustainability. Our Future of Good journalistic community fellowship supports journalists writing articles on community resiliency; core funding for Partners for Action has helped produce a wide variety of flood risk prevention resources online at floodsmartcanada.ca; and funding for Green Economy Canada is supporting their work in helping small to medium enterprises reduce their emissions and putting plans in place towards net zero.	Page 34 Page 56 Pages 71 and 116
13: Climate action	13.1 build climate resilience 13.2 integrate climate into national policies/plans 13.3 awareness-raising on climate change mitigation, adaptation, impact reduction and early warning	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. 13.2 – Our advocacy efforts are geared toward integrating climate solutions, resilience and action into Canada's economy and policies. 13.3 – We sent 65,589 Weather Alerts to clients to help them prepare and protect their property in advance of extreme weather events.	Page 71 Pages 65 and 71
14: Life below water	14.2 build resilience and restore coastal ecosystems	14.2 – Through Addenda Capital, we have signed on as a partner and sit on the advisory board of the Valuing Water Finance Initiative, a global investor-led effort, facilitated by the NGO Ceres, to engage companies to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems, including protection of freshwater and coastal ecosystems.	
15: Life on land	15.1 conserve, restore and sustainably use ecosystems and their services	15.1 – Addenda Capital signed on as a participatory investor of Nature Action 100, which aims to mobilize investors to increase company action to stem nature and biodiversity loss.	Page 65
16: Peace, justice and strong institutions	16.7 ensure responsive, inclusive, participatory, and representative decision-making	16.7 – We launched a Reconciliation Strategy in 2023.	Page 98
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.	Pages 65, 71 and 114

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 and 2022.

Our 2023 strategic performance

Note: If the target is due in 2026, terminology is "above expectations", "on track", or "below expectations". If the target is due in the current reporting year, terminology is "exceeded", "achieved", or "not achieved".

Co-operative identity

Strategic KPI	Target	Description	2023	Status	Discussion
Co-operative business volume*	$1.6 billon by the end of 2026	Premiums and deposits from clients who do business with us through a Member Benefits Program (includes Creditor Business through CUMIS), Co-op Guard, or other products where the co-operative may not be part of our member organizations.	$1.46 billion	On track	Total Co-operative Business Volume is above plan in 2023 after rebounding from a shortfall in 2022. Growth was driven by proactive retention of member corporate accounts, a focus on broker and advisor communication, and active promotion of the Member Benefits Program (MBP) which helped bring our MBP book to over 178,000 households.
Member engagement	N/A	The level of relationship effectiveness as evaluated by delegates and corporate contacts.	93%	On track	Feedback provided by members informs our action plan to improve their experience and engagement. Since the 2021 survey, we have seen turnover in delegates and management at our member organizations. We supplied marketing toolkits for the Member Benefits Program and involved members in our strategy through tailored workshops at key events like the Member Experience Summit, Region Committee Meetings, and the Annual General Meeting.
Community contributions	4% to 4.5% of net income before taxes each year	The amount of pre-tax profits (attributable to members) contributed to communities through Canadian co-operatives, non-profits and charities. Calculation uses current year contributions and average pre-tax profits from the prior five years.	4.1%	Achieved	Our Social Impact Framework is focused on building community well-being and resilience. We contributed $1.6 million more than 2022, with total community investment surpassing $12 million. Our community impact is amplified through close partnerships with other co-ops and like-minded organizations.

Metric 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.

Client engagement

Strategic KPI	Target	Description	2023	Status	Discussion
Co-operators brand awareness	Within 5% of Insurance & Wealth Competitor Average by the end of 2026	The national brand health tracking survey conducted by Northstar tells us how aware consumers are of our brand, compared to our peers.	Awareness: 47%	On track	Our brand awareness score is within 5% of the competitor average. We refreshed our brand advertising to reinforce our position as a holistic provider of financial services that offers both investment and insurance solutions.
Omni channel client experience	Top 5 amongst our peer group by the end of 2026.	Relationship NPS measures how likely clients are to recommend Co-operators to a friend or relative. Result is the average of quarterly results compared to competitors in the home and auto segment.	Tied for 3rd	On track	Our strong relationship NPS reflects our client experience leadership position and commitment to ensuring a positive experience however clients choose to interact with us across our Guided Omni channel.

Profitability and growth

Strategic KPI	Target	Description	2023	Status	Discussion
Operating revenue growth	$7.7 billion by the end of 2026	Insurance revenue plus other income measures our top line from both insurance and non-insurance services.	$5.81 billion	Above expectations	Growth exceeded expectations this year due to higher average premium and strong client growth across most business lines. Maintaining an appropriate balance between rate and unit growth will be key to realizing our strategic goals.
Wealth AUM/AUA growth	$7.9 billion by the end of 2026	Assets under management (AUM) and Assets under Administration (AUA) are indicators of business volume. Includes segregated funds, mutual funds, and investment contracts. Excludes Addenda and Aviso.	$5.79 billion	Above expectations	Our wealth management operations benefited from record-high deposits in our Mutual Funds offering and strong performance in financial markets.
Client growth	1.07 million clients by the end of 2026	The total number of clients within our Guided Omni Channel.	982,547 clients	Above expectations	Our Guided Omni channel now serves over 32,000 more Canadians than it did a year ago. Client growth was exceptional across personal P&C lines of business, including the recreational vehicles segment.

Strategic KPI	Target	Description	2023	Status	Discussion
CGL operating revenue growth excluding private passenger	$5.4 billion by the end of 2026	Operating revenue excluding private passenger auto. Includes revenue from all distribution channels.	$4.04 billion	Above expectations	Revenue excluding private passenger auto (PPA) exceeded expectations and grew alongside total revenue due to higher average premium and strong client growth across most business lines. Our performance reflects efforts to diversify and become less reliant on PPA in the future.
Advisors' operating revenue growth excluding private passenger	$345 million by the end of 2026	Advisors' operating revenue, excluding private passenger auto. This is revenue for advisors and an expense for CGL.	$287 million	On track	Financial Advisors' revenue excluding PPA is aligned to expectations and grew slightly more than for Co-operators overall. Our performance reflects efforts to diversify the Financial Advisor network to become less reliant on PPA in the future.
P&C expense ratio	At or better than industry by the end of 2026	The ratio of all expenses to insurance revenue. Excludes Sovereign.	30.3%	On track	Our 2023 expense ratio (Q4 YTD) improved over prior year, and, as of Q3 2023 (most current industry data available), was 0.3 percentage points better than industry. We launched initiatives to reduce spend and realize efficiencies across the organization. We also benefited from extraordinary expense savings in 2023 that are not expected to persist.
P&C combined ratio	95.7% by the end of 2026	The ratio of all expenses, plus claims and adjustment expenses, to insurance revenue. Excludes risk adjustment and discounting. Includes Sovereign.	104.4%	Below expectations	A result above 100% is unfavourable and reflects an underwriting loss from P&C operations. Current accident year claims increased, and we experienced unfavourable claims development in many lines of business.
Life general expense ratio	17.5% by the end of 2026	The ratio of general expenses to net earned premium plus fees and other income. Excludes income from investments in Aviso and Allianz.	22.2%	Below expectations	Our general expense ratio is higher than expected due to salaries and benefits exceeding plan. We expect to see a gradual improvement to our general expense ratio as we continue to profitably grow our life operations.
Life return on equity (shareholder)	13% to 17% each year	Total ROE excluding participating policyholders, non-controlling interest, and accumulated other comprehensive income.	17.2%	Exceeded	Life operations performed well this year due to experience gains and less new business strain than anticipated.
CGL return on equity	10% to 12% each year	Total ROE excluding participating policyholders, non-controlling interest, and accumulated other comprehensive income. Adjusted for impact of invested assets at CFSL.	5.3%	Not achieved	Overall profitability decreased since 2022 and fell short of expectations largely due to unfavourable underwriting results from P&C operations. We anticipate achieving a result just below our long-term target in 2024 led by appropriate rate increases and continued expense management.

Business capabilities

Strategic KPI	Target	Description	2023	Status	Discussion
Emerging business models	N/A	We are developing new capabilities and partnerships in the embedded insurance marketplace to help navigate evolving client preferences and ensure a positive experience however Canadians choose to interact with us.	N/A	N/A	We launched our first embedded insurance application programming interfaces (API) for events and tenant insurance. An API allows for communication between our IT infrastructure and that of our partners, enabling them to seamlessly embed the insurance experience directly into their app, platform, or website.
Adjacent business models	N/A	We are pursuing new opportunities adjacent to our core business that contribute to building resilience for Canadians and Canadian communities.	N/A	N/A	We invested in HomePorter, a company with an innovative home management platform that seeks to make homeowners' lives easier and more resilient. Homeowners are connected with trained professionals to receive unbiased advice and quality services to support them throughout the homeownership journey.

Workforce capabilities

Strategic KPI	Target	Description	2023	Status	Discussion
Global Diversity, Equity, and Inclusion Benchmarks (GDEIB)	Overall GDEIB of "Progressive" (4.0) by the end of 2026	The Global Diversity, Equity, and Inclusion Benchmarks (GDEIB) is the leading indicator globally for measuring and advancing diversity, equity, and inclusion.	3.93	On track	Our inclusion, diversity, equity and accessibility (IDEA) program built more precise metrics to guide future actions and made significant progress through expanded learning and development. We launched our Reconciliation Strategy and established the GDEIB as a key metric for the advancement of IDEA.
Employee engagement score	At or above financial services industry average.	Pulse surveys conducted by Glint to measure how happy employees are working at Co-operators and if they recommend it as a great place to work. Result is the average of pulse surveys conducted in the year.	78%	Exceeded	Our engagement score is better than the financial services industry average of 76%. Areas of strength include respectful treatment and manager feedback, whereas well-being and recognition are emerging areas of concern. We are focused on supporting leaders as they build action plans specific to their team's results.
Advisor engagement score	55% to 60% by the end of 2026	Annual survey to measure advisor engagement and satisfaction.	44%	On track	We understand the degree of change we are asking advisors to make to support our strategy and the challenges that have come along with it. We are committed to supporting the advisor retail sales network and appreciate our advisors' dedication to achieving our purpose.

2023 financial statements

Income statement summaries
As a result of the retrospective adoption of new accounting standards, IFRS 17 and IFRS 9, on January 1, 2023, all 2022 figures have been restated.

P&C operations direct written premium by lines of business
Direct written premium in our P&C operations increased 11.2%, primarily due to higher average premiums in all lines of business as well as strong policy growth in all lines except for home.

Life operations premiums and deposits by lines of business
Our life operations' total premiums and deposits grew 13.9% in 2023 led by continued strong growth in our wealth management line of business, and solid growth in our group benefits, travel, and individual Insurance lines. The wealth management line was driven by a 57.8% increase in mutual fund deposits.

Net investment income and gains
Our investment results continue to be impacted by the volatility of interest rates and equity markets. The overall favourable movement in the results was mainly driven by the general stabilizing monetary policy in the current year compared to rapid interest rates hikes in the prior year which were made to combat inflation. In 2023, the decrease in interest rates positively impacted the fair value of our bond portfolio and conversely, in 2022, the rising interest rates negatively impacted the fair value of our bond portfolio. Common equity markets were positive in 2023 compared to significant decreases in 2022, while the preferred equity market was flat in 2023 compared to a decrease in 2022.

The Co-operators Group Limited

Consolidated Statement of Income
Year ended December 31

(in millions of dollars)	**2023**	**2022 (Restated)**
Insurance revenue	5,627.7	5,320.1
Insurance service expenses	(4,884.2)	(4,204.4)
Net expenses from reinsurance contracts	(171.6)	(194.0)
Insurance service result	**571.9**	**921.7**
Net investment income and gains (losses)	835.6	(869.3)
Movement in investment contract liabilities	(8.0)	(5.6)
Net finance income (expense) from insurance contracts	(477.5)	751.1
Net finance income (expense) from reinsurance contracts	37.7	(16.6)
Net investment and insurance finance result	**387.8**	**(140.4)**
Fees and other income	186.5	142.4
Other operating expenses	(835.6)	(743.4)
Other operating income and expenses	**(649.1)**	**(601.0)**
Income before income taxes	**310.6**	**180.3**
Income tax expense	(61.9)	(38.2)
Net income	**248.7**	**142.1**
Net income attributable to:		
Members	200.9	105.8
Participating policyholders	36.8	25.7
Non-controlling interest	11.0	10.6
Net income	**248.7**	**142.1**

Summarized consolidated statement of financial position

As a result of the retrospective adoption of new accounting standards, IFRS 17 and IFRS 9, on January 1, 2023, all 2022 figures have been restated.

Our balance sheet position remains strong, with almost $4.9 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 increased by 8.7% in the year as a result of the decrease in interest rates – which increases the fair value of our bond portfolio - as well as the strong, albeit volatile, equity markets throughout the year. Our bond portfolio makes up 58.6% of the portfolio and is well-diversified geographically and by sector with over 97% of bonds considered investment grade.

The Co-operators Group Limited

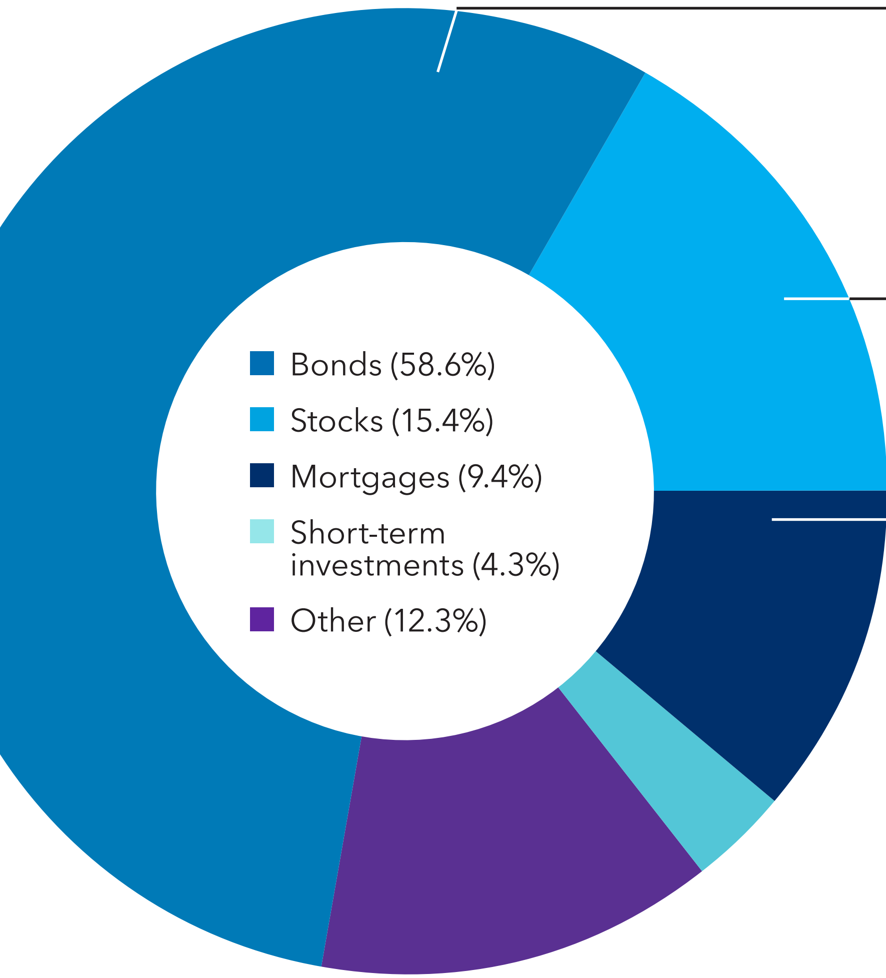
Summarized consolidated Statement of Financial Position
As at December 31

(in millions of dollars)	2023	2022 (Restated)
ASSETS		
Invested assets	12,344.6	11,359.5
Segregated fund assets	3,766.0	3,595.3
Other assets	3,008.2	2,738.9
Total assets	**19,118.8**	**17,693.7**
LIABILITIES		
Insurance and investment contract liabilities	8,906.9	8,102.3
Segregated fund liabilities	3,766.0	3,595.3
Other liabilities	1,583.7	1,470.0
Total liabilities	**14,256.6**	**13,167.6**
EQUITY		
Member equity	3,789.0	3,504.2
Participating policyholder account equity	863.7	813.1
Non-controlling interests	209.5	208.9
Total equity	**4,862.2**	**4,526.2**
Total liabilities and equity	**19,118.8**	**17,693.8**

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	26.9%	BBB	14.9%
AA	30.4%	Below BBB	2.6%
A	24.9%	Not rated	0.3%

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

Canadian 55.9%	U.S. 13.5%
Canadian Preferred 25.9%	International 4.7%

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

0.01% loss ratio for the last 5 years.

Ratings

External rating agencies rate our companies and recognize our strong capital position along with our strong brand recognition in the industry and diversified operations. 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.

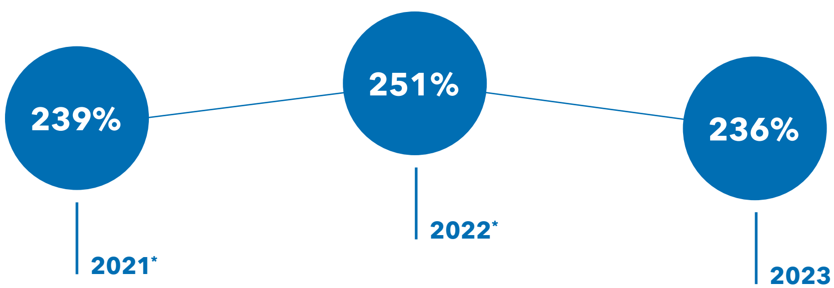
Capital tests

Our strong capital position provides financial security in challenging times

Our capital allows us to protect our policyholders through volatile insurance and economic environments, to meet regulatory and rating agency expectations, to invest into strategic initiatives to achieve our short and long-term goals, to continuously invest into communities through the Corporate Venture Capital (CVC) fund or other programs, and to pursue business opportunities as they arise. At year end, we remain well-capitalized and strongly positioned to face future uncertainty.

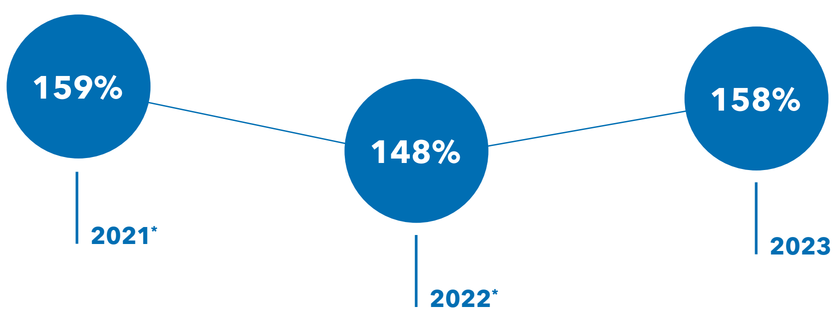
Note: The Minimum Capital Test (MCT) and the Life Insurance Capital Adequacy Test (LICAT) are ratios we calculate and monitor to ensure we have sufficient capital to support our regulated businesses. The MCT applies to property and casualty insurers (CGIC Consolidated), and the LICAT applies to life 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)



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

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



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

**Prior year MCT and LICAT ratios are not restated as filed under IFRS 4. The 2022 LICAT ratio is restated based on the final filing.*

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.

1. Identify

We identify risks through internal surveys, interviews and discussions with all departments across our enterprise. Through a variety of environmental research scans and emerging risk surveys, we identify new and/or evolving risks.

2. Assess

We rank the top risks to our organization and assess their potential impacts. We consult with risk advisors for input on plans to manage these risks and insight on how these risks are trending.

3. Quantify

We quantify risk exposures using various measurements, models and tools, including stress-testing and sensitivity-testing.

4. Monitor and report

Our ERM team continuously monitors and regularly reports on these risks to the board's Risk Committee, management and regulators.

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 2023
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
Clients: Canadians and Canadian businesses, co-operatives, community-based and non-profit organizations	Surveys, focus groups, usability studies and our Community Advisory Panel
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
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 2023

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 2023, we engaged our board Sustainability Committee in a discussion on report materiality validation to gain feedback and insights on the relevance of our 2023 material reporting issues. We also conducted a survey with our members, have an on online survey available on our external website for stakeholders, and have external reviews done on our report. Feedback validated our current list of material reporting issues. Other feedback from these actions that guided 2023 content include: progress on our purpose, Indigenous reconciliation, diversity, equity and inclusion, governance achievements and climate resilience.

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 and to our stakeholders. 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. Each year since 2019, we regularly gather input from our stakeholders to evolve and refine our top priority reporting issues.

Top priority reporting issues (ranked)

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

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 $63.0 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 business 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
Provides insurance-related products and services, including travel insurance, for Canadian credit unions, caisses populaires and their members.

Duuo by Co-operators
An embedded insurance leader with a focus on partnership distribution.

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 and Co-operators Financial Advisors.

The Sovereign General Insurance Company
Provides tailored risk solutions for Canadian business through multiple distribution channels.

Smart Employee Benefits Inc.
Provides benefits processing software, solutions and services to employers and plan sponsors.

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.

Total number of employees*

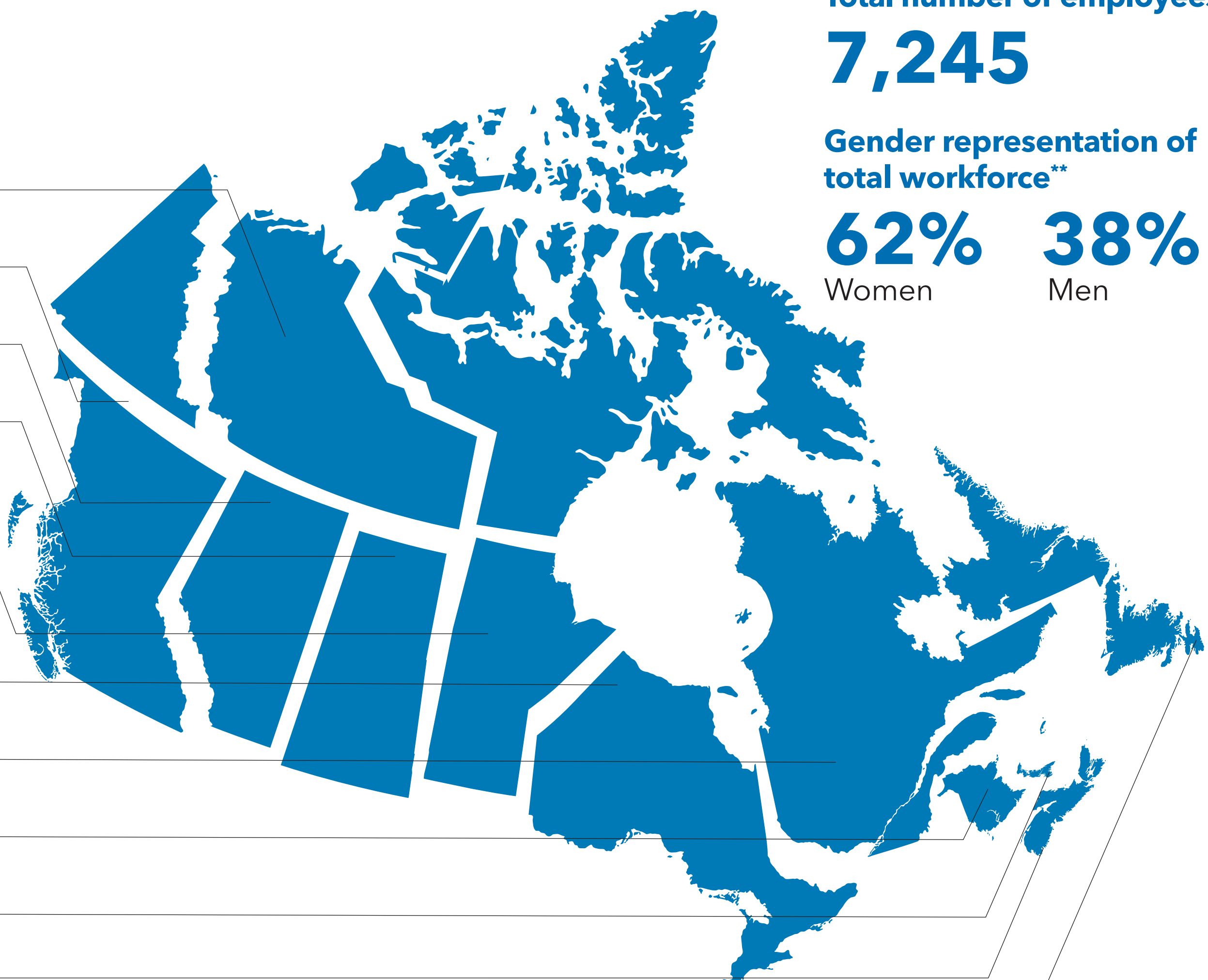
7,245

Gender representation of total workforce**

62% Women

38% Men

Number of full and part-time employees by province



Northwest Territories:
full-time 6 / part-time 0

British Columbia:
full-time 297 / part-time 29

Alberta:
full-time 696 / part-time 20

Saskatchewan:
full-time 601 / part-time 20

Manitoba:
full-time 29 / part-time 2

Ontario:
full-time 4,162 / part-time 55

Quebec:
full-time 649 / part-time 28

New Brunswick:
full-time 544 / part-time 2

Prince Edward Island:
full-time 7 / part-time 0

Nova Scotia:
full-time 43 / part-time 1

Newfoundland and Labrador:
full-time 54 / part-time 0

**Includes employees of CU Agencies Alliance Ltd., Les Systems de gestion Technicost Inc., Premier group of companies, Smart Employee Benefits Inc. and The Edge Benefits Inc. Non-financial reporting items for these entities have not been included in this report, unless otherwise noted. **Although we cannot currently report the result for 'non-binary', we are working toward including this in our reporting.*

Public Accountability Statement

Our 2023 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 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.

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, but are not limited to: 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; Smart Employee Benefits Inc.; Les Systemes de gestion Technicost Inc.; The Edge Benefits Inc.; and UNIFED Insurance Brokers Limited.

Our Integrated Annual Report captures the activities of The Co-operators Group Limited and its major subsidiaries, unless otherwise stated, for the 2023 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 enhance 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.

Data Governance

To ensure data quality and accountability, we employ a centralized system of record for key quantitative results. The system requires that results be documented, validated and approved.

2023 taxes paid/payable (recovered/recoverable)[1] (in thousands of Canadian dollars)

	Income and capital taxes	Premium taxes	Total
Federal	64,345	-	64,345
Provincial			
Alberta	6,631	48,181	54,812
British Columbia	5,149	17,239	22,388
Manitoba	1,108	4,200	5,308
New Brunswick	1,571	4,754	6,325
Newfoundland and Labrador	1,805	7,737	9,542
Nova Scotia	1,591	7,116	8,707
Ontario	22,795	86,108	108,903
Prince Edward Island	546	1,867	2,413
Quebec	3,410	10,742	14,152
Saskatchewan	2,296	8,497	10,793
Territories	312	1,063	1,375
Total Provincial	47,214	197,504	244,718
Total	**111,559**	**197,504**	**309,063**
Other taxes[2]			**128,040**
Total taxes paid/payable (recovered/recoverable)			**437,103**

[1]*All amounts may contain accrued tax estimates.*
[2]*Other taxes includes commodity, property and business, payroll, and other miscellaneous taxes.*

2023 debt financing*

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

	Number of authorizations	Authorized
$0 to $24,999	24	$10,642
$25,000 to $99,999	5	$445,287
$100,000 to $249,999	33	$5,205,470
$250,000 to $499,999	21	$7,836,471
$500,000 to $999,999	6	$4,354,085
$1,000,000 to $4,999,999	35	$77,267,784
$5,000,000 and greater	11	$82,711,778
Total	**135**	**$177,831,518**

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

Co-operators, 130 Macdonell Street, Guelph, ON N1H 6P8
Phone: 519-824-4400 | cooperators.ca | service@cooperators.ca
Available in French ~ Disponible en français
Released May 07, 2024 | COR1063 (05/24)