co-operators

Purpose built for a better future

2022 Task Force on Climate-related Financial Disclosures Report

About us

Co-operators Group is a leading co-operative insurance provider in Canada with nearly 7,000 employees and over 2,800 licensed insurance representatives across the country, gross premiums of over $5 billion and $58.2 billion in assets under management. Our purpose is to provide financial security for Canadians and our communities, and climate change poses a direct threat to our ability to carry out our purpose. Therefore, addressing the climate crisis and supporting what we view as a necessary transition to a resilient, sustainable and net-zero future is woven into our strategy and decision-making.

Learn more about Co-operators Group Limited in our Integrated Annual Report.

About the Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board[1] established the TCFD recommendations to promote more effective climate-related disclosures that could in turn, enable stakeholders to better understand an entity's exposure to climate-related risks and carbon-related assets. This report divides climate-related risks into three categories:

Transition risks and opportunities associated with moving to a low carbon economy

Physical risks relating to the impacts of a changing climate, for example, acute hazards or chronic change in fire level, freezing, sea level rise, etc. across wide areas or regions

Legal or litigation risks, which is the risk of climate-related litigation that could arise by those who have suffered damages from the effects of climate change

This TCFD report is the fourth iteration of our journey to alignment with the framework set out by the TCFD recommendations. The accompanying disclosures cover a reporting period from January 1, 2022, to December 31, 2022, unless otherwise noted, and provide an overview of our approach to identifying and managing climate-related risks and opportunities.

[1] *The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. See fsb.org.*

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The road to net zero is a challenging one

We need to build more resilient communities

The purpose of our co-operative is to provide financial security for Canadians and our communities. Climate change is a direct threat to this purpose in that it creates risks to Canadians' financial security. As such, climate change is a top strategic priority, and we are actively engaged in both mitigation and adaptation efforts.

View Rob Wesseling's feature in Canadian Underwriter.

The Intergovernmental Panel on Climate Change Working Group III contribution to the Sixth "Assessment Report"[2] outlines recent developments and trends in greenhouse gas (GHG) emissions. Average annual GHG emissions were higher during 2010-2019 than in any previous decade. Furthermore, emissions continued to rise across all major groups of greenhouse gases as well as across all major global sectors. Although the COVID-19 pandemic caused a brief reduction in global emissions, in 2021 emissions reached their highest point once again[3]. Successful emission reductions by some countries have been outweighed by increased growth in other countries. Canada was listed as a country where per-capita emissions remain high.

Amid the challenging geopolitical and global economic landscape, we remain committed to addressing climate-related risks and supporting the transition to a net-zero future. In a world where society faces an unprecedented and accelerating increase in storms and natural catastrophes, it is imperative that we collectively understand and mitigate these growing risks.

[2] ipcc.ch/report/ar6/wg3/
[3] iea.org/news/global-co2-emissions-rebounded-to-their-highest-level-in-history-in-2021

Milestones

2014

- Became the first Canadian insurer to track and disclose the carbon footprints of our investments through the United Nations-supported Principles for Responsible Investment Montreal Carbon Pledge.

2015

- Our asset management company, Addenda Capital (Addenda), was the first Canadian asset manager to disclose the carbon footprints of all its equity funds.

2016

- Received the Excellence in Governance Award for Best Practices in Sustainability and Environmental, Social and Governance from Governance Professionals of Canada.

2018

- Signed on to the TCFD and put forward a pathway to implement its recommendations.
- Formally outlined our Climate Commitment which sets forth actions we will take as an organization to address climate-related risks and seize opportunities presented by a transition to a low-carbon economy.

2019

- Formalized our commitment to a net-zero emissions future by signing the Accounting for Sustainability (A4S) Net Zero Statement of Support.
- Published our inaugural stand-alone TCFD report.

Milestones *(continued)*

2020

- Included the first climate change scenario in our annual regulatory Financial Condition Testing (FCT) stress testing exercise for our property and casualty (P&C) businesses, a stepping-stone towards a full 2 degree Celsius scenario analysis.
- Achieved our target of becoming carbon neutral in our corporate operations.

2021

- Announced net-zero targets for operations and investments.
- Inclusion of the first climate change scenario in our FCT stress testing exercise for our Life businesses and the addition of a stress "shock" test for our asset and investment portfolios.
- Joined the Net-Zero Asset Owner Alliance (NZAOA) and Net Zero Asset Managers (NZAM) initiative; Addenda launched its first Climate Transition Canadian and International Equity Pooled Funds.
- Participated in a climate scenario analysis pilot project with the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI).

2022

- Launched Co-operators Sustainable Investment Portfolios offering to retail investing clients in partnership with Addenda.
- New climate-related scenario was tested under the annual Management Stress Testing (MST) exercise building from our participation in the Bank of Canada and OSFI pilot project in 2021.
- Introduction of a new board committee structure which saw the evolution from our former Sustainability and Citizenship Committee to a dedicated Sustainability Committee that is comprised of a representative from each of the other committees. This is intended to further drive integration of sustainability throughout all committees' governance.
- Expanded and improved climate risk modelling through our proprietary Climate Hazards and Advanced Risk Modelling (CHARM) platform.

TCFD Roadmap

Our journey to be a catalyst for a resilient, sustainable society and a strong advocate on climate action continues. Enhancing our climate-risk practices and disclosures is a core feature of our Climate Commitment which we first published in 2018. Through continuously improved disclosure, our aim is to enhance our oversight, identification and management of climate-related risks and opportunities as well as strengthen the resilience of our corporate strategy. This can better enable our stakeholders to understand and mitigate the impacts of climate change.

Governance

Completed in 2022

- Introduction of a new board committee structure with a dedicated Sustainability Committee that is comprised of a representative from each of the other committees. This is intended to further drive integration of sustainability throughout all committees' governance
- Presented climate change scenario analysis in FCT for both Life and P&C operations to Sustainability Committee and Risk Committee
- Executive management are required to have at least one goal in their performance plan that supports Co-operators sustainability or co-operative identity

In progress

- Provide ongoing climate education to Board committees and the Board of Directors
- Initiated the process of adding progress toward our net-zero operations targets to our president and CEO's long-term incentive plan

Future objectives

- Focus on upcoming regulatory changes to climate-related financial disclosures through International Sustainability Standards Board (ISSB) and OSFI B-15 Climate Risk Management

Strategy

Completed in 2022

- Affirmed climate change, sustainability and resilience as key priority in 2023-2026 strategic plan
- Maintained climate neutrality in operations
- New climate scenario analysis "Net Zero Under Pressure" tested under MST exercise

In progress

- Continue to coalition build and engage with peers and other climate leaders in industry and government (e.g. participation in Sustainable Finance Action Council, Addenda's participation in launch of Climate Engagement Canada)
- Continue to improve climate-risk modelling and share expertise
- Ongoing support of comment period and implementation of new ISSB and OSFI standards

Risk Management

Completed in 2022

- Further enhancements to climate-related risk modelling in the Company's Own Risk and Solvency Assessment (ORSA) reporting
- Enhanced storm surge models and development of a set of wildfire simulations through CHARM platform

In progress

- Development of an official position on the integration of climate considerations into our underwriting approach
- Development of a Climate Risk Appetite Statement
- Sustainability risk appetite under review

Future objectives

- Further enhancement of credit/equity risk assessment models for climate transition into ORSA and FCT reporting

Metrics and Targets

Completed in 2022

- Revised and improved the methodologies for Co-operators carbon inventory of operational and investment emissions

In progress

- Further breakdown of carbon footprint of owned investments by industry and asset class
- Broadening and deepening engagement with various departments on our decarbonization pathways to drive us towards our operational net-zero commitment

TCFD
Executive Summary

Co-operators climate strategy and targets

- Net-zero operational emissions by 2040
  - By 2030, reduce emissions of our operations by 45% from 2019 base year
- Net-zero in our investments by 2050
  - By 2030, 60% of invested assets in impact or climate transition investments. From 2020 base year, reduce carbon intensity of investment portfolio[4] 25% by 2025, and 50% by 2030

Investments and asset management

- Launched Addenda Eco-social Commercial Mortgages Pooled Fund
- Continued coalition building
  - UN-convened Net-Zero Asset Owner Alliance
  - Net Zero Asset Managers initiative (Addenda)
  - Sustainable Finance Action Council
  - Climate Engagement Canada
  - Climate Proof Canada

Operational progress

- Co-operators Sustainable Investment Portfolios offering to retail investing clients
- Enhanced climate risk modelling through CHARM platform
- Commercial joint flood and sewer back-up product launched
- "Net Zero Under Pressure" climate-related scenario (MST exercise)
- Refined Life stress testing

Carbon footprint

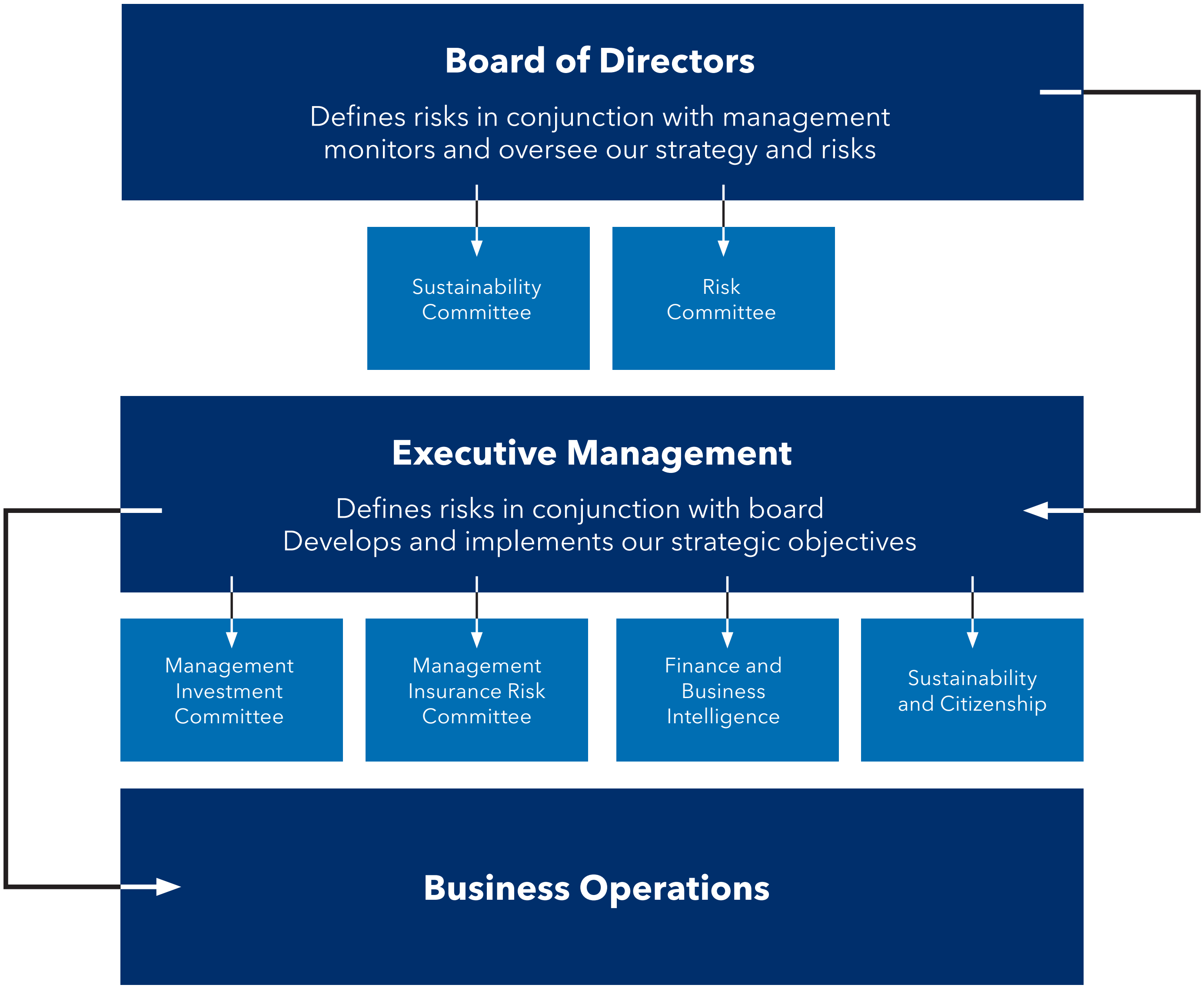
- Carbon neutral operations
- Continued assessment of carbon impact of investment portfolio

[4] *Public equities and publicly traded bond portfolios*

Governance

Co-operators governance structure at the board and management levels combine to guide our approach to assessing and responding to climate-related risks. Committees and business groups actively work towards achieving strategic objectives and targets.

Co-operators governance structure



Board level

At Co-operators, the Board of Directors (Board) oversees our management of climate-related risks and strategy. While relevant to all Board committees, this is primarily executed through the Sustainability Committee (SC) and the Risk Committee (RC). In addition to ongoing meetings where the committees individually assess progress towards our climate targets and monitor, manage and review climate related risks, the SC and RC hold an annual joint meeting to review our status on climate-related risks and initiatives, including progress on the TCFD recommendations.

In 2022, there was an introduction of a new board committee structure which saw the evolution from our former Sustainability and Citizenship Committee to a dedicated Sustainability Committee. The nature of this restructure was intended to drive integration of sustainability throughout all committees' governance.

Sustainability Committee

The committee is comprised of a member of each of the other five board committees to integrate sustainability across the governance structure. The SC assists the Board in fostering a culture of and leading practices in environmental, social and governance (ESG) responsibility and providing oversight of the sustainability performance of Co-operators. The purpose of the committee is to monitor implementation of the Sustainability Policy and of the organization's efforts towards its vision of "being a catalyst for a resilient and sustainable society." This includes monitoring emerging sustainability and climate-related issues, risks and opportunities and advising on the sustainability components of corporate strategy and stakeholder engagement.

The committee 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 committee advises the Board on the sustainability impacts of key decisions, and monitors and advises on measures to enhance sustainability governance practices at the Board and subsidiary boards. SC members provide all other board committees with a report of their activities at every meeting.

Risk Committee

The RC is comprised of four members of the Board and is responsible for overseeing the Co-operators group of companies Enterprise Risk Management (ERM) program, including Co-operators identification of key risks, risk appetite, risk management policies and frameworks, risk analysis and evaluation, risk monitoring and reporting, and program compliance. The RC provides oversight of our Chief Risk Officer and offers guidance and advice to senior management on strategic issues linked to our top risk issues, including climate-related risk, while also providing oversight over our sustainable investment strategy which is managed by the Management Investment Committee (MIC).

Activity during 2022

In addition to the introduction of a new board committee structure in 2022, the Board reviewed and refined the 2030 enterprise long-term goals to be more outcome-oriented and developed a new framework for communicating organizational alignment to the UN Sustainable Development Goals (SDGs) including Climate Action.

The SC met five times to oversee how the Company is performing against its sustainability objectives. For example, the Committee reviewed sustainable and climate investing risks and opportunities, policies, strategy and performance, including an in-depth review of progress toward sustainable and climate investing goals. The SC also participated in an annual joint meeting with the RC to assess trends and developments in sustainability, including climate risk management updates, considerations on alignment with NZAOA and NZAM commitments, climate resilience investing updates, and other sustainability risks on the horizon.

The RC met four times throughout the year to review, manage and monitor all aspects of risk management, including climate-related risks. This included a review of the annual stress testing exercises which included the "Net Zero Under Pressure" scenario and its impact to the Company's financial position.

Climate competence

In 2022, the Board continued to expand its knowledge with respect to climate-related issues. They received education on the Insurance SDG (iSDG) Calculator in development by Swiss Re Institute and the International Cooperative and Mutual Insurance Federation (ICMIF) to help insurers measure insurance sustainability impact against the Insurance Sustainable Development Goals (iSDGs), which are insurance-relevant adaptations to the UN SDGs. The tool is being developed to measure iSDG sustainability impact within individual company insurance portfolios and business operations. Working with Swiss Re Institute, the ICMIF developed the ICMIF "commitment framework", which determines the indicators, their scoring ranges, and the weighting scheme for all indicators and SDGs. The commitment framework enables ICMIF mutuals and cooperatives to assess their own iSDG impact against a set of ICMIF-calibrated indicators that reflect mutual values and strategic focal areas, such as risk prevention and inclusive insurance.

Additionally, KPMG presented to the RC and SC on trends and issues in sustainability and climate change.

Management level

The governance of climate change cascades from the Board of Directors and its committees to the executive management team, which is responsible for executing the corporate strategy in pursuit of the organization's purpose.

The executive management team allocates resources and ensures the organization has the capabilities to meet its climate-related goals, such as eliminating the organization's operational carbon footprint, ensuring clients are protected against flooding, and steadily increasing the proportion of the organization's investment portfolio in climate-related and resiliency-building impact investments. From the executive management team, mandates for climate action continue to cascade down to various business areas, including the MIC. Additionally, all VP level management and above are required to have at least one goal in their performance plans that supports the organization's sustainability or co-operative identity goals. Each year the goals are audited internally, and the results are reported to the board and publicly through our integrated annual report.

The MIC oversees the implementation of our investment strategies. The RC receives regular reporting of our investment strategies, ensuring that climate and sustainability impacts are a key focus area. The execution of our investment strategies is performed through our asset manager, Addenda.

Co-operators Sustainability and Citizenship department, headed by the VP Sustainability and Citizenship, enables Co-operators' to catalyze a resilient, sustainable and co-operative society. The team is tasked with the integration of our sustainability principles throughout the organization, including our investment and insurance related functions.

Activity during 2022

Several developments and initiatives were achieved by executive management and our business units in 2022, including:

- Launch of Co-operators Sustainable Investment Portfolios offering to retail investing clients in partnership with Addenda
- Improved accuracy and sophistication of storm surge models and developed a set of wildfire simulations through CHARM platform
- Completion of a new climate scenario 'Net Zero Under Pressure' under the MST exercise
- Launch of the Zero Waste Economic Transformation Lab in partnership with the Circular Opportunity Innovation Launchpad and the City of Guelph, Ontario, to influence a more sustainable construction and demolition waste cycle
- Launch of sustainable claims options for clients in Edmonton and Calgary that reduce demolition waste and emissions generated through post-claims construction materials - program will roll out nationally in 2023
- Zero Carbon Design certification from the Canada Green Building Council for our new corporate headquarters, set to open in 2024, which is also on track to be triple-certified to the LEED Gold, WELL Platinum and Zero Carbon Design standards
- Led sessions on climate-related risk with many large credit unions in the country by sharing our journey through adopting and implementing the recommendations of the TCFD

Climate-related roles and responsibilities across the organization

Below are some examples of the climate-related roles and responsibilities of our various business functions. This list is not exhaustive, and we expect these roles and responsibilities to evolve as we continue our journey to net zero.

Underwriting and actuarial
Develop underwriting strategies related to climate risks. Continued calibration of climate risk – eg. flood, wildfires; continue to develop climate scenario methodology.

Pricing and product development
Embedding climate change factors into product pricing. Further development of innovative products such as commercial flood.

Enterprise risk management
Continue to integrate climate-related issues into risk appetite calibrations, ORSA reporting.

Asset management
Continued embedding of sustainability and ESG principles into investing decision making.

Reinsurance
Consider the impact of climate change on risk appetite and reinsurance. Integrate ESG principles into counterparty decision-making.

Investment
Uphold principles of Co-operators new climate investing strategy.

Financial reporting
Production of the TCFD report. Monitoring of development disclosure requirements.

Sustainability and citizenship
Continue to integrate our sustainability principles, including climate considerations, into investment and insurance related functions and across the organization.

Strategy

Co-operators is proud to be a strong advocate for a sustainable, climate-resilient future within the Canadian landscape. We advocate for policies, initiatives and ideas that will move our society towards a more sustainable, zero-emissions future.

Global risk potential over the next 10 years

The World Economic Forum released The Global Risks Report outlining results from its 2021-2022 perception survey. The results demonstrate that environmental risks are perceived as the most severe risks on a global scale with the top three risks belonging to the environmental category. The leading perceived risk has been identified as climate action failure.

1. **Climate action failure**
2. **Extreme weather**
3. **Biodiversity loss**
4. **Social cohesion erosion**
5. **Livelihood crises**
6. **Infectious diseases**
7. **Human environmental damage**
8. **Natural resource crises**
9. **Debt crises**
10. **Geoeconomic confrontation**

Environmental | Societal | Economic | Geopolitical | Technological

Our collective understanding of climate science has never been stronger. Capping the increase in average global surface temperature to the target of 1.5 degrees Celsius as set by the Paris Agreement will require transformational change. Our organization's strategies on climate change demonstrate that we are serious about acting; not only through our operations, insurance, and investments, but also though advocacy across the industry and economy as a whole. Our net-zero targets significantly increase the extent and level of our climate ambition.

Source: World Economic Forum's Global Risks Report 2022 weforum.org/reports/global-risks-report-2022

Investments and asset management

At the forefront of our investing strategy is aligning our investments with the goal of net-zero carbon emissions, consistent with the goals outlined by the Paris Agreement and the NZAOA which we joined in 2021.

We have set net-zero and sustainability targets on our investments: by 2030, 60% of our total invested assets will be impact investments or those that support the transition to a sustainable, resilient, net-zero society, and by 2050 our invested asset portfolio will be net-zero GHG emissions. To measurably demonstrate progress towards these goals, we have set interim targets and milestones for which progress will be disclosed on an annual basis at minimum. This includes the 2026 target of having 50% of our total invested assets in impact, climate transition or resilience investments, as well as establishing new interim targets every four years.

While climate change mitigation is critical, we believe there cannot be a smooth transition to a net-zero future if we do not build in climate adaptation along the way, ensuring our communities and businesses are built to withstand the climate change that is already baked into the system and poised to worsen. The Federation of Canadian Municipalities (FCM) estimated that funding climate adaptation infrastructure in Canada will require investment of CAD$5.3 billion per year in Canada, a cost that is too large for governments alone to bear.

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

Our climate related targets are:

By 2030, reduce emissions of our operations by 45% from 2019 base year

By 2040, net-zero emissions in our operations

By 2025, 25% reduction of emission intensity of our investments[5] from 2020 levels and 50% by 2030

By 2030, 60% of our invested assets into impact, climate transition or resilience investments

By no later than 2050,net-zero in our owned investments

[5]*Public equities and publicly traded bond portfolios*

Climate investing strategy

Our strategy is guided by core principles which form an integral part of our broader mandate to our asset manager, Addenda:

Purpose and vision
We are driven by our purpose to provide financial security for Canadians and their communities.

Science based
Our positions are aligned with the Paris Agreement and the best available scientific literature (e.g., IPCC reports).

Leading
We boldly advance leading climate-related investment practices that address climate mitigation and climate resilience.

Catalyzing
We are active owners and collaborative advocates for enabling public policies and leveraging our resources and capabilities.

Consistent
We are consistent in our policies and practices across companies and lines of business.

Continuous improvement
We carry the intention to raise our ambition level through new interim targets every four years.

As we are also an asset manager for both institutional and retail clients through Addenda, our strategy aims to further support our clients' efforts to successfully achieve their net-zero ambitions. In 2022, Addenda launched its Eco-social Commercial Mortgages Pooled Fund, which seeks to support the advancement of the United Nations SDGs while generating compelling returns. The fund is one of the first of its kind in Canada which seeks to invest in these main themes: affordable housing, green buildings, underrepresented groups, cultural, non-profit and community facilities, and health and education.

For more information about Addenda's climate strategy and sustainable and impact solutions, please visit addendacapital.com

Underwriting and operations

Our purpose is to provide financial security for Canadians and our communities. As the risks of climate change become increasingly significant, our ability to carry out our purpose becomes more challenging. To be able to continue to execute on our purpose, consideration of climate-related risks and opportunities is at the forefront of our underwriting operations and business development practices.

We continue to develop climate-related products and services: our comprehensive water product is Canada's first product to provide access to flood insurance for all Canadians, even those at highest risk. It is also the first product in Canada to cover storm surge—an ill-met need in our coastal communities that made headlines in 2022 with the impacts of Hurricane Fiona.

We continue to innovate and create solutions that allow us to better manage and understand climate-related risks and how they impact our insurance liabilities. Through our CHARM platform, we can estimate climate risk concentration and accumulation in our portfolio. We have also developed a dashboard that uses our climate-scenario modelling capabilities to better understand and predict anticipated impacts of climate change on our clients and our business for several natural hazards, including floods, hurricanes, and extreme weather. In 2022, we improved the accuracy and sophistication of our storm surge models. We also developed a set of wildfire simulations for the cities of Whitehorse, Thunder Bay and Grand Prairie to support the MST exercise ("Net Zero Under Pressure" scenario). The simulation exercise modelled wildfires from ignition to dispersion and predicted estimates of the damages. The successful prototypes are encouraging in terms of our ability to model this type of natural hazard. Furthermore, we share our leading-edge climate-risk modelling capabilities and expertise with others, through consultations that further other organizations' understanding of their own climate-related risks and exposures. In 2022, our CHARM team of climate experts also conducted a pilot project to develop flood and wildfire risk reports for a large Canadian credit union to determine the climate-related risk exposure of their lending portfolio. This credit union now performs a quarterly assessment of their portfolio using these tools.

This year we also launched the Co-operators Sustainable Investment Portfolios in partnership with Addenda. These portfolios offer our retail investing clients a suite of investments that take ESG factors into account. Through these investments, clients can make decisions that build their personal wealth in ways that align with sustainability principles and mitigate many of the risks associated with increasing environmental challenges.

As we are seen as a climate leader in the Canadian landscape, it is important that we lead by example. We have been carbon neutral since 2020 through internal reductions and the purchase of renewable energy certificates and carbon offsets. We continue to evolve our ambition to reduce our operational emissions through our strategy and goal to be net zero by 2040. To do so, we will continue to invest in operational efficiency and other innovative solutions to achieve net-zero greenhouse gas emissions from our operations.

Construction began in 2022 on our new corporate headquarters in Guelph. The building is designed to reflect our commitment to sustainability and has earned a Zero Carbon Design certification from the Canada Green Building Council. The building is on track to be triple certified to the LEED Gold and WELL Platinum in addition to the Zero Carbon Design standards. Our new headquarters will not only reflect the possibilities of reducing our operational impact but also sends a strong signal to the community and industry that we are committed to our climate strategies and we serve as an example to others of what is possible.

Advocacy and engagement

Climate advocacy is a key part of our climate strategy. The transformational change required to limit global warming to 1.5 degree celcius by 2100 can only happen through globally coordinated efforts between governments, industries, and other actors by building alliances and coalitions.

In 2021, as part of our ongoing work with the United Nations Environment Program Finance Initiative – Principles for Sustainable Insurance, Co-operators became the first Canadian insurer and second Canadian organization to join the UN-convened NZAOA, an international group of institutional investors who are working to achieve the goals of the Paris Agreement including reaching net-zero emissions by 2050 or sooner. Following this, our asset management company, Addenda, signed on to the NZAM initiative in 2021, a global movement of financial institutions managed by six international investor networks.

We are involved with several organizations to help lead the change to a low carbon economy. In 2022, Rob Wesseling was named chair of the ICMIF which will allow further advocacy within our sector on a global scale.

Rob also sits on the advisory committee of Canada's Sustainable Finance Action Council. Roger Beauchemin, President and CEO of Addenda, sits on the Advisory Panels of both Climate Engagement Canada and the Institute for Sustainable Finance. The active participation by top executives within these advisory roles demonstrates our deep commitment to moving our sector to a greener future.

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

"Together, we're actively working towards a resilient, sustainable, and equitable future and I believe that, by working towards ambitious and aggressive targets in areas such as disaster risk reduction, sustainable development, and responsible investing, we will have a catalytic impact on the global insurance industry and, eventually, the economy as a whole."

Rob Wesseling from icmif.org

To support efforts to build more climate-resilient communities, and to facilitate a smoother transition to net zero, we've engaged in partnerships, dialogues, and advocacy around climate adaptation.

To accelerate and scale these efforts, we hired former Edmonton mayor Don Iverson as an Executive Advisor for Climate Investing and Community Resilience and have forged notable partnerships and collaborations with the Federation of Canadian Municipalities, ICLEI Canada, GLOBE, and the Institute for Catastrophic Loss Reduction to explore multi-stakeholder solutions to funding climate adaptation in Canada.

In addition, Co-operators contributed to the development of the federal government's National Adaptation Strategy through participation in an advisory table, coalitions such as Climate Proof Canada, meetings with government officials and a comprehensive submission to help shape the Strategy, which was released publicly in November 2022. We presented four overarching recommendations, focused on complementing a multi-faceted effort to better prepare Canadian communities for the climate-related risks and impacts we face.

Recommendations were to:

1. Catalyze investment in resilience to protect Canadian communities
2. Prioritize improved climate risk data, understanding and education
3. Take an inclusive approach to ensure an equitable transition; and
4. Ensure solutions incentivize appropriate action.

Climate scenario analysis

Assessing the resilience of an organization's strategy using climate-related scenario analysis is a key recommendation of the TCFD.

Assessing the resilience of an organization's strategy using climate-related scenario analysis is a key recommendation of the TCFD. There continues to be interest and attention from insurance and banking regulators, including industry bodies to develop scenario analysis and stress testing which can augment our understanding and assessment of climate-related risks. The development of these scenario analyses and stress testing tools for insurers remains at an early stage with methodological challenges and thin prescriptive guidance continuing to persist.

In 2022, a new climate scenario "Net Zero under Pressure" was completed under the MST exercise building from our participation in the Bank of Canada and OSFI pilot project in 2021. Co-operators was one of six institutions to participate in this pilot project to better understand the risks to the Canadian financial systems that could arise from a transition to a low-carbon economy. This new scenario was assessed using several key assumptions such as drought like conditions leading to wildfires in Canadian communities, energy grid disruptions, net-zero policy leading to more pressure on goods and energy, deep social unrest, and energy demands from fossil fuels. The key finding of this exercise was that we remain financially resilient, however, it was recommended that we consider developing a climate-resilient growth strategy to better balance our geographic risk concentration in Western Canada with other regions less susceptible to climate catastrophe events.

Our P&C operations continued to complete internal climate scenario analysis and stress testing in 2022. Similar to 2021, a scenario presented to executive management in our FCT report outlined four catastrophic events. The overall severity was calibrated using probability curves from an internal model which simulates multiple perils: the four events consisted of the reoccurrence of the 2013 Toronto flood, the 2013 Alberta flood, a 10-year return period severe convective storm, and a 20-year return period hurricane. Those loses, while material, would not pose a solvency threat to our organization the and would be significantly mitigated by our reinsurance treaties. The scenario also models stress "shock" test in our asset and investment portfolio (equities and fixed income). The overall results of our scenario analysis and stress testing for our P&C operations was that our equity portfolio would be adversely impacted. However, the extent of the modelled impact was mitigated by our impact and climate transition investing strategy. Importantly, our P&C operations would remain solvent and able to honour our financial obligations.

Our Life insurance company completed a climate change solvency scenario which was presented to executive management in their FCT report. The basis for the scenario was developed in accordance with the guidelines issued by the Canadian Institute for Actuaries (CIA), specifically the potential shocks to mortality and morbidity caused by rising temperatures and the consequential outcome of catastrophic weather events and/or natural disasters.
These outcomes may include influenza or a pandemic outbreak due to more intense and frequent precipitation events leading to flooding, increasing exposure to toxic chemicals in runoff, and waterborne diseases. Conversely, severe drought can negatively affect air quality, making chronic respiratory illnesses worse and increase the risk for respiratory infections like bronchitis and pneumonia. Climate change will also impact the agriculture industry and could lead to compromised food and nutrition and overall diminished living conditions. The assumptions used in this analysis included mortality, morbidity, and a small decrease to top line due to individuals prioritizing basic financial needs. Overall, our Life operations remained solvent and well within regulatory capital requirements under this scenario, despite the adverse societal impacts.

Climate-related risks identified by Co-operators

Co-operators maintains a list of potential climate-related risks in an effort to assess the impacts and potential response, along with determining the period in which these risks can impact us.

Risks	Type	Description and Response	Time Horizon
Increase in frequency and severity of extreme weather events	Physical	Climate change is leading to rising claims in our P&C insurance portfolio. This trend will inevitably lead to an increasing protection gap between insured losses and total economic losses. Broadly passing these additional costs on to policyholders is not a sustainable business model nor consistent with our purpose as a co-operative. Therefore, our ability to maintain and grow profitability is highly dependent on our ability to accurately estimate and price for these weather-related events and to mitigate them effectively to the best extent possible.	Short-term (1 to 3 years) and ongoing
Increase in mortality and morbidity	Physical	The mortality and morbidity risks related to climate change may impact our Life insurance portfolio. For example, increases in extreme weather events such as flooding, and heatwaves may lead to increased health issues including the spread of infectious diseases and viruses. Accordingly, we regularly test the health risk from an epidemic, that may be worsened by the impacts of climate change, among other risks, in our company's financial condition testing scenario.	Short-term (1 to 3 years) and ongoing
Risk exposure accumulation	Physical	Risk exposure accumulation is the risk of large aggregate losses from a single event or peril due to the concentration of insured risk exposed to that single event or peril. One of the biggest drivers of our insured losses is due to changes in exposure – we expect that adverse changes in exposure will continue to accumulate in the coming years. We have invested resources into tools such as CHARM to ensure that our understanding of our risk exposure is as accurate as possible.	Short-term (1 to 3 years) and ongoing
Asset depreciation and lower investment returns	Transition	Climate change may impact the value of our investment portfolio, as investee companies are further impacted by climate-related physical events and changes in technology, consumer preferences and/or regulation. This may directly lead to adverse financial performance for those companies and by extension, ourselves. Addenda factors in climate risk to their investment approach and is in regular dialogue with investee companies to advocate for increased disclosures of climate risks and management responses.	Short-term (1 to 3 years) and ongoing
Regulatory	Transition	Recent developments in energy and carbon emissions policy and pricing both in Canada and globally are leading to higher direct and indirect costs. Additionally, expansion of regulatory requirements, such as OSFI B-15 and ISSB standards, will create the need for expanded professional knowledge and skills.	Short-term (1 to 3 years) and ongoing
Reputation	Transition	Co-operators is considering approaches to better understand the carbon intensity of our underwriting portfolios and our exposures to carbon-intense sectors, both for economic purposes and to proactively manage reputational risks and related market considerations.	Short-term (1 to 3 years) and ongoing
Liability	Legal	Litigation risks relate to the adverse impact that could arise from parties seeking to recover losses suffered from climate change. Globally, there has been an increase in number of legal challenges brought forward to remedy injury and losses from the consequences of climate change inaction. New laws and regulations can create additional liability risk for insurance providers; Co-operators must be conscious of this emerging risk profile.	Long-term (5+ years)
Affordability of property coverage	Transition	Issues of affordability of property coverage due to increasing premiums resulting from climate change may result in provincial government intervention. We manage this risk through participation in industry adaptation and prevention projects to better understand how we can partner with other institutional stakeholders to reduce the probability of economic losses related to extreme weather events and their corresponding impact on premiums and coverage for our customers.	Long-term (5+ years)

Climate-related opportunities identified by Co-operators

Similar to the tracking of climate-related risks for Co-operators, we look to opportunities to adapt and implement solutions to contribute to positive impact activities.

Opportunities	Type	Description and Response	Time Horizon
Innovative product solutions	Product offering	Designing innovative product solutions to enable and empower community resilience is prioritized in Co-operators' Climate Commitment. We developed Canada's first comprehensive water product that covers all Canadians, regardless of their level of flood risk. This product includes storm surge coverage and is available to all risk types and property types (including cottages and seasonal dwellings, apartments, and condos). In 2022, we launched the equivalent flood product for the commercial market, which is a joint coverage that includes sewer back-up.	Current
Developing new tools to mitigate climate-related risks for clients	Client resiliency	Our goal is to use the technology at our disposal to utilize modelling and analytics to better quantify climate risk. This encompasses several programs, including accurately tracking wildfire progression to enable more timely underwriting actions, expanding and targeting our efforts to notify users of impending extreme weather events; building tools to more precisely monitor risk accumulation to identify clients at a high-risk of being impacted by climate change; and developing advanced flood models and simulators to improve flood risk identification and monitoring. Deploying such tools to the benefit of clients and Canadians is an opportunity to deepen our connection to them.	Short-term (1 to 3 years) and ongoing
Operational efficiency – net zero	Resource usage	We achieved our target of becoming net carbon neutral in 2020, offsetting 100 per cent of our emissions. We have since taken these targets further, announcing our commitment to becoming net-zero in our operations by 2040. To achieve this, Co-operators will continue to reduce emissions across the value chain (Scopes 1, 2 and 3) by investing in sustainable operational efficiencies.	Long-term (5+ years)
Advance advocacy and enhance involvement by government stakeholders	Client resiliency	As part of an ongoing effort to build resilient communities, we have partnered across sectors on research and resources that empower communities to prepare and act ahead of climate-related events such as floods and wildfires. We are working with flood risk awareness research group Partners in Action in a three-year, $500,000 partnership, while we continue to help communities build local wildfire resilience through our partnership with FireSmart Canada.	Current
Coalition building	Knowledge acquisition and advocacy	Co-operators does not operate in a vacuum. Limiting global warming to 1.5 degrees C by the end of the century will require transformational change. This change can only come about by building alliances and coalitions between industry and government. By pooling the resources and expertise of industry and government, society will give itself the best chance possible to achieve the goals set out in the Paris Agreement. See page 39 for a listing of our climate partners.	Current

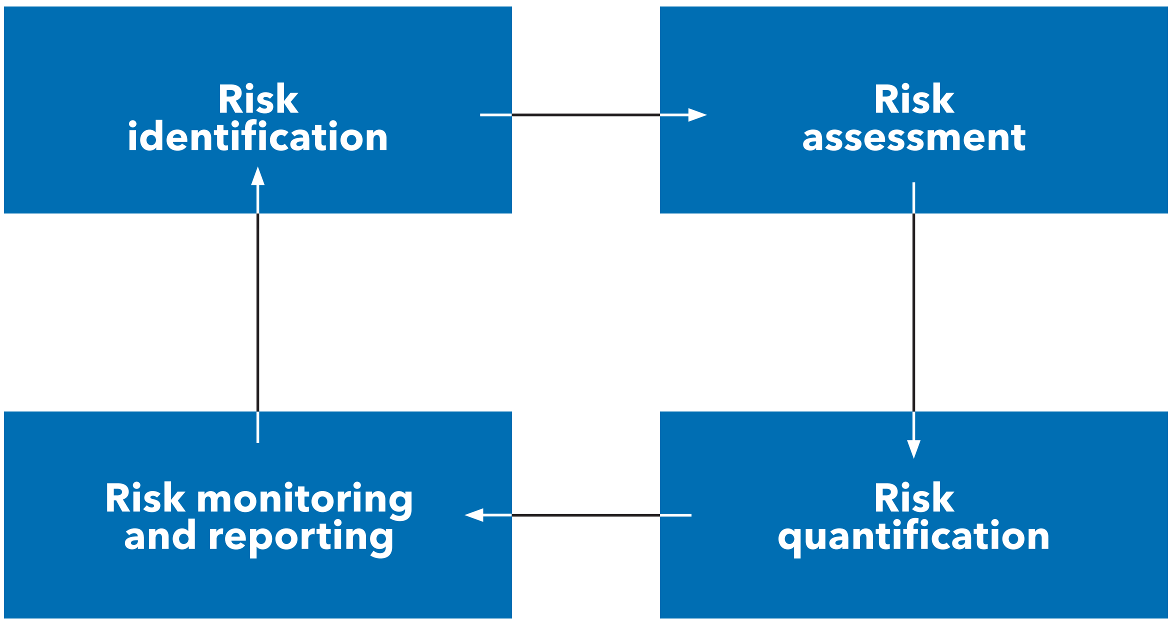
Risk management

Canadian communities and businesses are increasingly impacted by climate change. Co-operators recognizes the rising priority of identifying, assessing, and mitigating these risks across the insurance and financial services industry. Sustainability risks, including climate change, are integrated within a broader risk management framework and related assessment mechanisms.

The ability to articulate what our risks are and how they are measured and managed is important for internal and external stakeholder understanding, as well as to ensure an accurate and consistent view of our risks through the various reporting and disclosure mechanisms. Our risk management practices are influenced by our co-operative identity; we apply a consultative and community-based approach that takes a comprehensive longer-term view of our business and seeks to incorporate sustainability principles as mandated by our Sustainability Committee.

Our risk framework

Successful application of our ERM Framework results in alignment between our articulated risk appetite, capital plans, and business strategies and operating plans. As risks and strategies evolve, our continuous cycle of risk identification, risk assessment, risk quantification and risk monitoring and reporting ensures that we flex and adapt to the changes within our company and our operating environment. A comprehensive set of risk controls supports our overall ERM approach. ERM integration ensures that our ERM activities do not occur in isolation of business activities and are embedded in our risk culture.



Key components of ERM

- Risk appetite, tolerances, limits
- Capital management

Risk Controls

- Risk governance architecture
- Board and risk committees
- Three lines of defence operating model
- Performance management and compensation

ERM integration

- Business planning and decision making
- Risk culture
- ERM champions

Through our risk assessment process we determine if risks are sufficiently mitigated, identify the need for more or less control, acknowledge the dependencies we may have, and discuss alternative mitigation options that may be available to us.

Our risk monitoring and reporting tools are designed to provide relevant, accurate and timely information on our material risk issues. For example, our risk dashboard provides a comparative of our ongoing risk profile against our articulated risk appetite. While our comprehensive stress testing program which now includes a climate-related scenario, reflects the assessment of our risk profile under moderate to severe stress, including discussion of risk controls to mitigate the exposure.

Top risks, which include climate change, are defined as those risks that could prevent us from fulfilling our vision and/or realizing our strategic goals. Furthermore, our top and emerging risks are synthesized into a report provided to the Risk Committee which highlights the potential impacts of the risk, and why it matters.

Three lines of defence model

At a high level, we employ a "three lines of defence" model which provides a comprehensive and holistic approach to risk management, comprising risk identification, assessment and quantification, control and monitoring, and reporting. We seek to apply this approach in managing climate-related physical, liability, and transition risks, among other risk types.

1

First Line

Business Unit employees

- Risk identification, assessment, mitigation;
- Monitoring and reporting;
- Alignment of business and operation strategies with risk appetite

2

Second Line

Independent oversight functions, including but not limited to: Actuarial, Governance, Legal, Finance, Enterprise Compliance and Enterprise Risk Management

- Provides independent oversight of risks and helps to build and monitor first line controls;
- Guidance in their area of expertise;
- Establishing appropriate risk controls as appropriate

3

Third Line

Internal and external auditors

- Provide independent assurance to the Board and senior management;
- Assessing the effectiveness of governance, risk management and controls

Climate related risk approach

Investments

Co-operators Investment Policy guides our overall approach to investment management and risk including policies related to impact, sustainability, and climate change. The Board carries out the responsibilities of these policies through the Risk Committee.

Our investment management firm Addenda leads in the implementations of these policies including those on climate change. Addenda is continually trying to improve our understanding of various transition (e.g., policy, technology, and carbon price shifts) and physical (extreme weather, shifts in climate patterns) climate risks as well as help us seek climate opportunities. As an asset manager for both institutional and retail clients, Addenda recognizes that by integrating climate considerations into investment decision-making, the resilience of our investment portfolios is improved over the long-term.

Their investment teams are evolving their practices and processes to support the integration of physical and transition risk assessment and management throughout the investment lifecycle. Each asset class is developing a customized approach to identifying and assessing climate-related risks due to the different investment strategies each asset class controls.

Addenda's Sustainable Investing Team also play a role in managing risk. They support the portfolio managers during research, due diligence, and review processes by:

- Conducting training sessions and building capacity on topics such as carbon emissions accounting and Canada's transition to net zero;
- Producing and distributing industry reports and papers to investment teams on emerging best practices, and associated global and Canadian initiatives, for climate risk management by institutional asset managers and owners;
- Conducting more in-depth company-specific reviews, when requested by investment teams;
- Establishing and evolving Addenda's internally developed approach in assessing climate positive impact solutions within the fixed income market;
- Preparing presentations to investment teams and management on proxy voting and investment performance within; and
- Driving engagement efforts with portfolio companies on topics including climate risk and emissions reduction.

For a more comprehensive analysis of Addenda's risk management practices, refer to Addenda's 2022 TCFD report.

Insurance

Co-operators dedicates significant resources to anticipate and prepare for the many impacts of climate change using a variety of approaches. We preserve our capital while managing costs through reinsurance risk transfer mechanisms. Reinsurance protections are designed to cover for catastrophes within given exposure limits, thereby protecting our insurance entities from excessive catastrophic event losses. Our insurance companies are responsible for controlling exposures to individual catastrophes and defining reinsurance requirements based on our overarching risk appetite and capital profile. Moreover, our counterparty credit risk exposure is minimized by spreading our reinsurance program across many trusted partners and setting robust financial standards of eligibility

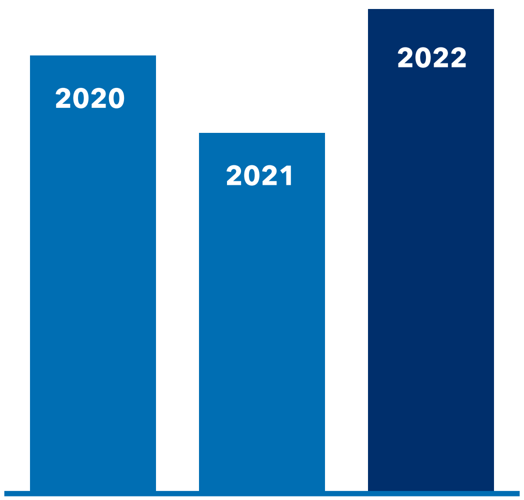
The materiality and timing of climate-change impacts to our reinsurance arrangements depend on many factors, including global mitigation/sustainability efforts, global climate-related natural catastrophic events, geography of our portfolio, insurance product/coverage, risk type, etc. There is inherent uncertainty in the modeling of natural perils and climate change. Our catastrophe reinsurance strategy is based on a relatively near-term outlook with treaties commonly placed for one-year periods. This is aligned with the short-tail nature of the underlying business and our ability to re-price that business annually (and continuously manage the underlying portfolio). However, we recognize climate change risks are apparent in near, mid, and long-term scenarios and have the potential to impact our profitability. It is widely accepted that climate change is resulting in more severe weather events and possibly increasing the frequency of such events. Our property catastrophe reinsurance program helps us manage the financial impact of these events by receiving recoveries from reinsurers when the events are above the attachment point of our reinsurance treaty. Reinsurers are aware of the impact of climate change and use this in consideration of their pricing and offering of reinsurance capacity. Therefore, climate change has a direct impact on our reinsurance programs.

Metrics and targets

There are several metrics that we monitor to track our progress towards meeting our climate-related targets. Meeting these targets will enable Co-operators to manage climate-related risks and opportunities pertaining to our operations, investments, and community outreach.

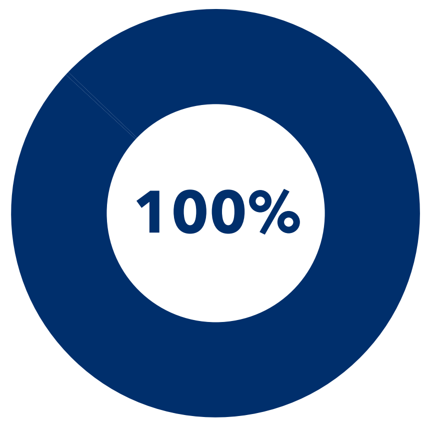
Metrics and targets used to assess climate-related risk and opportunities

Major event total insured losses



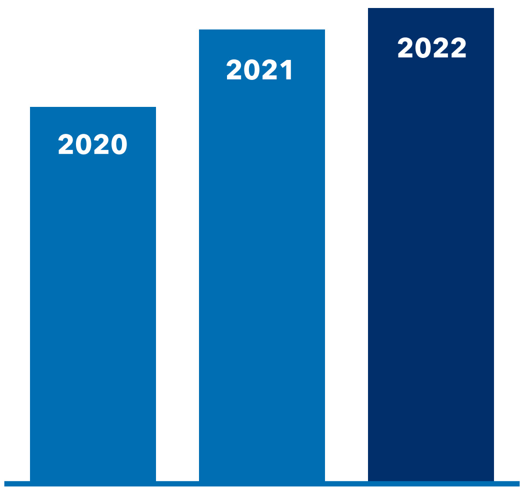
2022: $242.6 million
2021: $185.8 million
2020: $216.6 million

Major event insured losses due to extreme weather[6]



2022: 100.0%
2021: 99.9%
2020: 85.3%

Number of Comprehensive Water endorsements[7]



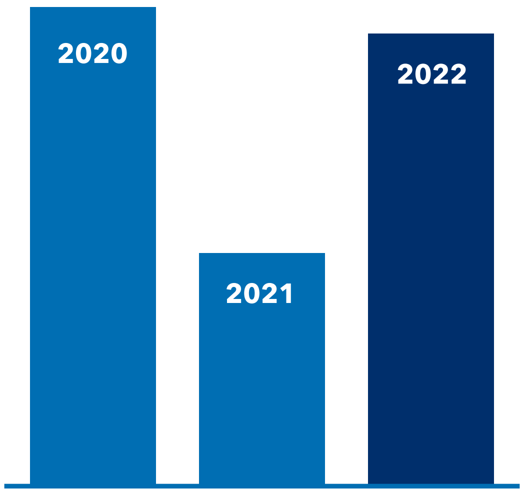
2022: 736,091
2021: 728,513
2020: 676,007

In 2022, all of our major event loss claims were the result of extreme weather and major disasters. While there is variation year over year, the clear trend in major event claims resulting from flooding, wildfires and storm activity shows a marked increase in both the frequency and severity of these events over the past 10 to 15 years.

In 2022, a windstorm in Ontario and Quebec and Hurricane Fiona in Atlantic Canada both resulted in significant losses. In 2021, flooding in British Columbia caused significant physical damage to properties and farms, and in 2020, we saw storms and floods cause substantial damage in Fort McMurray and Calgary, Alberta, respectively.

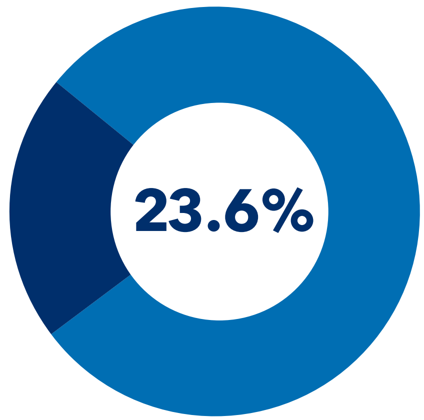
[6] *The proportion of major events loss claims paid to clients due to extreme weather, including heavy and/or frequent rainfall, ice, hail, wind, flooding, and wildfires.*
[7] *Our Comprehensive Water product is Canada's first flood product to cover overland flooding, storm surge, and storm and sewer backup, even for those at the highest risk of flooding.*

Number of focused investor engagements



2022: 31 companies
2021: 16 companies
2020: 33 companies

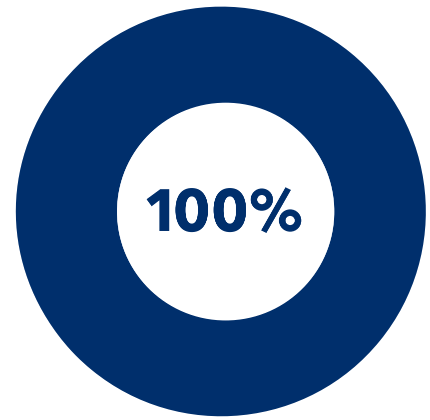
Percentage of The Co-operators invested assets in impact investments[8]



2022: 23.6%
2021: 21.2%
2020: 20.8%

Target: 20% by the end of 2022

Net operational carbon emissions (percentage)



2022: 100%
2021: 100%
2020: 100%

Target: Maintain carbon neutrality

[8] *Our impact investment portfolio totals $2.69 billion, of which $2.00 billion relates to climate specific investments.*

Path to net zero

Operations
We have a target to reduce the emissions of our operations by 45% by 2030 and achieve net zero by no later than 2040. This includes both direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), including emissions resulting from corporate offices, Financial Advisor offices, fleet vehicles and business travel.

Reflecting our commitment to leadership and to ensure our carbon accounting is aligned with the realities of hybrid and virtual work modes, we also track emissions from employee commuting and working from home, and Information Technology assets and services. To incentivize progress and hold us to account, in 2022 our Board of Directors initiated the process of tying progress toward our net-zero operations targets to our president and CEO's long term incentive plan.

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

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

Scope 1 emissions are direct emissions from an organization's owned operations, including company-owned or controlled vehicles and buildings. Scope 2 emissions are indirect emissions from purchased electricity, steam, heating, and cooling. Scope 3 emissions are all other indirect emissions generated throughout an organization's value chain. Location-based Scope 2 electricity emissions reflect the average emissions intensity of the electricity grid where the consumption has occurred. Market-based Scope 2 electricity emissions reflect the emissions from electricity that have been selected through contractual instruments, such as renewable electricity certificates. In 2022, refinements to the calculation were made and, as a result, emission results for past years have been restated to reflect improvements in the calculation methodology.

Co-operators carbon inventory

For more on how we calculate our energy use and operational carbon footprint, see our Supplementary Disclosure 'Our carbon footprint.' The below table summarizes Co-operators emissions in tonnes of CO2 equivalent.

Emissions (tCO2e)	**2022**	**2021[9]**	**2020[9]**	**2019[9]**
Scope 1				
Corporate offices (natural gas and fuel oil)				
Fuel oil	**8**	16	20	21
Natural gas	**1,967**	1,970	2,278	2,366
Fleet	**432**	391	510	888
Total Scope 1	**2,407**	2,377	2,808	3,275
Scope 2				
Corporate offices				
Electricity (location-based)	**2,828**	3,058	3,237	4,026
Electricity (market-based)	**2,828**	482	447	593
Steam	**61**	50	49	50
Total Scope 2 (location-base)	**2,889**	3,108	3,286	4,076
Scope 3				
Advisor and service offices	**5,189**	5,110	5,315	5,427
Air travel	**1,852**	66	749	5,403
Auto travel	**351**	133	248	891
IT services	**1,123**	1,026	1,047	1,006
IT assets	**1,810**	1,878	725	1,616
Commuting	**1,698**	483	2,031	9,184
Work from home	**3,213**	3,387	2,720	579
Total Scope 3	**15,236**	12,083	21,135	24,106
Total emissions (location-base)	**20,532**	17,568	18,929	31,457
Total emissions (market-base)	**20,532**	14,992	16,139	28,024

[9] *Figures have been restated to align with calculation methodology used in 2022.*

Carbon emissions and related risks from investments

GHG emissions are a prime driver of rising global temperatures and, as such, are a key focal point of policy, regulatory, market and technology responses to limit climate change. As a result, organizations with significant emissions are likely to be more strongly impacted by transition risk than other organizations. At Co-operators, we track, monitor and report on the carbon footprint of our investments to better understand the investment implications of climate change. Co-operators' invested assets impact and influence global carbon emissions and climate-related risk. The carbon footprint of our investments represents the GHG emissions emitted by companies in Co-operators' owned equity, preferred share and corporate bond portfolios, which is calculated in tonnes of CO2 equivalent emitted. We include both Scope 1 emissions (direct GHG emissions) and Scope 2 emissions (GHG emissions from electricity, steam, heat and cooling). We do not yet track Scope 3 emissions from our investments.

Co-operators' Scope 1 and Scope 2 financed GHG emissions as at June 30, 2022 were 284,540 tonnes of CO2 equivalent. The results using the previous methodology and as of December 31 of 2021 and 2020 were 369,644 t of CO2 equivalent and 366,888 t of CO2 equivalent, respectively. The driver in the difference between this year's result and the figures previously stated was due to the increased carbon emissions sub-sector data availability. For this reason, the current year result is not directly comparable to past years. Without this change in methodology, we estimate carbon emissions would have been similar or slightly higher than 2021.

As of June 30, 2022, Co-operators' Scope 1 and Scope 2 financed GHG emissions had an economic emission intensity, or carbon footprint, of 57.5 t of CO2 equivalent per million dollars invested. The results using the previous methodology were 67.0 and 77.7 t of CO2 equivalent per million dollars invested for 2021 and 2020, respectively. Again, while we provide prior year results for transparency, the current year result is not directly comparable to prior years given the change in data availability described above. Efforts are underway in 2023 in attempt to restate prior years results.

Methodology

Co-operators' invested assets impact and influence global carbon emissions and society's climate-related risk. Co-operators recognizes that carbon emissions disclosure data quality and methods are continually evolving and as such, we are also committed to reporting using global best practice guidelines.

In 2020, Partnership for Carbon Accounting Financials (PCAF), a global partnership of financial institutions, released a standard for accounting and reporting of greenhouse gases in financial services companies' investment and lending portfolios. The PCAF methodology was used to calculate the financed emissions (carbon footprint) of Co-operators' owned equity, preferred share and corporate bond portfolios. Beginning in 2022, Co-operators has shifted to reporting annual financed emissions as of June 30 of each year in order to more closely align the cycle of emissions disclosures availability with the annual reporting cycle. Prior years continue to be presented as of December 31. Additionally, in 2022, Co-operators changed the calculation for financed emissions to improve accuracy by utilizing sub-sector data for certain investments, however, this information was not available for prior years at the time of reporting. Therefore, our 2022 result should not be compared to prior year results. Efforts are underway in 2023 in attempt to restate prior years results.

For more details on the carbon emissions from our investments, see our Supplementary Disclosure 'Financed emissions of investment portfolios.'

"Climate change is an increasing and significant threat to the financial security of Canadians, our communities, and our organization. As we support Canadians in navigating these impacts, we must understand and effectively manage climate-related risks and seize imaginative opportunities to transition to a more sustainable, resilient, and financially prosperous future."

Karen Higgins, Chief Financial Officer of Co-operators

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Climate Partners

- Canada's Sustainable Finance Action Council
- CDP (Carbon Disclosure Project)
  - Climate change program (Addenda Capital Inc. and The Co-operators Group Limited)
  - Water program (Addenda Capital Inc.)
  - Forests program (Addenda Capital Inc.)
- Climate Engagement Canada (Addenda Capital Inc.)
- Corporate Knights' Council for Clean Capitalism
- Green Bond Principles (Addenda Capital Inc.)
- Green Economy Canada
- Institute for Catastrophic Loss Reduction
- Investor Network on Climate Risk (Addenda Capital Inc.)
- Montreal Carbon Pledge (Addenda Capital Inc. and The Co-operators Group Limited)
- Partners for Action Network
- FireSmart Canada®
- Responsible Investment Association (Addenda Capital Inc., The CUMIS Group Limited, The Co-operators Group Limited)
- Smart Prosperity Leaders' Initiative
- Task Force on Climate-related Financial Disclosures – Supporters (Addenda Capital Inc. and The Co-operators Group Limited)
- The Accounting for Sustainability CFO Leadership Network
- United Nations Disaster Risk Reduction
- United Nations Environment Programme – Finance Initiative
  - Global Steering Committee
  - Pilot asset management group – implementing the TCFD recommendations (Addenda Capital Inc.)
  - Pilot insurer group – implementing the TCFD recommendations
  - Principles for Sustainable Insurance
- United Nations-supported Principles for Responsible Investment (Addenda Capital Inc.)

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Available in French ~ Disponible en français
Released May 9, 2023 | COR1057 (05/23)