

UNEP FI Principles for Sustainable Insurance: Annual disclosure of progress

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

Our progress in advancing the principles in this aspirational framework is discussed throughout our [2024 Integrated Annual Report](#), with specific actions summarized below, including page references in the report.

Principle 1: We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

In 2024, we produced our ninth integrated annual report, which amalgamates our sustainability, governance and annual reporting and reflects our progress made towards our purpose of financial security for Canadians and our communities.

We are midway through our 2023 to 2026 strategic plan, which has sustainability integrated throughout. One of our strategic objectives is to “use our expertise to support our clients’, members’, and global co-operative community’s advancement towards a sustainable and financially secure future”. We are also guided by our Enterprise Long-Term Goals to 2030 that align with the United Nations Sustainable Development Goals (SDGs). Co-operators endorses all seventeen of the SDGs and have aligned our 2030 Enterprise Long-Term Goals to them (pages 14 and 89). To ensure we are meaningfully and strategically aligning our organization to the SDGs, we developed a framework to help illustrate our impact as an insurer, an investor, a business, and a co-operative. While we have endorsed all the SDGs, we acknowledge that there are key goals and targets where our strategic focus can have more relevant and significant impact (page 81 to 84).

The Board of Directors’ [Sustainability Committee](#) oversees progress related to our sustainability objectives, goals and initiatives. In 2024, we held our annual joint board-management sustainability meeting, which included members of our Board Sustainability Committee, the chairperson of the Board, our president and CEO, and our Sustainability Leadership Committee (comprised of executives from across our group of companies). The meeting provided an opportunity to evaluate our progress on embedding sustainability, and to explore opportunities to lead in sustainability.

The board oversees the management of our climate-related risks and strategy, primarily executed through the Sustainability Committee and the Risk Committee. In addition to their

own meetings, the Sustainability and Risk committees gather annually for a joint meeting to review our status around climate-related risks and initiatives. For further details see the Governance section of our [2024 Climate Report](#).

We have embedded circularity into the way we handle claims, and are exploring how to further catalyze it in our industry through ongoing collaborations and partnerships. With practices like drying in place, bumper and windshield recycling, and soft-contents cleaning, we are implementing new technologies and methods that endeavour to shape a non-traditional, less-wasteful approach to insurance in Canada (page 22 to 23).

In 2024, Co-operators celebrated the grand opening of a new zero-carbon headquarters in Guelph, Ontario. Designed to support the physical and mental wellbeing of employees while showcasing leading-edge sustainability-focused and energy-efficient features, the new building has saved the organization costs and is redefining the hybrid workplace (page 44 to 45).

We contributed to a rich array of community organizations that are building environmental resilience, enriching social wellness, creating a more inclusive economy and championing a co-operative society. Our community investments supported organizations that focus on youth and marginalized communities, organizations that are reducing environmental impacts, research into how to build financial security, as well as the co-operative sector (page 61 to 69).

In 2015, we became a Certified Living Wage Employer in Guelph, ON, the location of our head office. We have since adopted a living wage in all provinces and territories, referencing information from government websites and other reliable sources.

We offer a range of insurance and wealth solutions that enable a sustainable, low-carbon, resilient community, with 26.4% of our revenue coming from sustainable products and services (pages 43 and 89). We have embedded sustainability attributes into core insurance and wealth products, such as our Comprehensive Water and TomorrowStrong[™] endorsements and Sustainable Mutual Funds.

Our investment strategy focuses on investments that generate strong financial returns alongside positive environmental, social and economic benefits. We've committed to having 60% of our assets invested in impact or climate transition investments by 2030. In 2024, the share of our investments that were impact or climate transition had reached 52.6%, representing \$7.05 billion (page 29 to 31).

Our asset management company, Addenda Capital, invests to generate compelling returns while considering the challenges of our time. Addenda offers sustainable investing strategies that aim to foster positive social and environmental changes and open the path to a cleaner future, including impact investing, climate transition funds, and more (page 33).

The Global Diversity, Equity and Inclusion Benchmark is the global best practice for diversity, equity, and inclusion. Each year, we conduct an enterprise-wide audit to see how we measure against the benchmarks, tracking progress on our IDEA (Inclusion, Diversity, Equity, Accessibility) strategy, and this indicator is part of our overall strategy as well. We've

consistently met our targets of increasing our score and, in 2024, we reached an overall baseline of 4.20 out of 5, an increase from 3.93 in the previous year (page 48).

In 2024 we continued to further embed IDEA throughout our organization. Our Talent Acquisition strategy has put a larger focus on IDEA, and we continue to raise awareness through Employee Resource Groups, our Executive IDEA Council and our IDEA Influencers (page 48). We now have 8 employee resource groups that foster an inclusive and equitable workplace and give a voice to historically marginalized or under-represented groups. Our board advanced the IDEA in Governance Strategy through an action plan that incorporates continuous learning, monitoring and improvement (page 75 to 76).

In 2023, we launched a Reconciliation Strategy as an important initiative within our broader IDEA Strategy. In 2024, we launched a multi-year partnership with First Nations University of Canada, focused on providing career development opportunities for Indigenous students (page 51).

Recognizing the importance of linking sustainability goals to compensation, relevant executives (vice-presidents, senior VPs, executive VPs) and employees have goals related to social, environmental, or economic sustainability or our co-operative identity in their annual plans.

At Co-operators, we value integrity, treating our members and customers with respect. As part of that commitment, we've taken steps to ensure the fair treatment of customers, protect privacy, safeguard information and provide oversight on the ethical use of artificial intelligence (page 54 to 56).

Since 2020 we have maintained our carbon neutral status. In 2021, we set a target to be net zero in our operations by no later than 2040. To incentivize progress and hold us to account, we have linked our net zero operations targets to the long-term incentive plan for all executives (vice presidents and above) (page 38 to 39).

In our investments, we will reduce the financed emissions intensity by 25% from 2020 levels (including public equities and publicly-traded bond portfolios) by 2025. By no later than 2050, our entire investment portfolio will be net zero (page 40).

We have progressed along our journey in reporting climate-related financial disclosures. For detailed information on climate-related milestones, governance, strategy, risk-management and targets and metrics see our [2024 Climate Report](#).

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

In 2024, we launched a new resilience-enhanced insurance coverage: TomorrowStrong™, which expands beyond traditional insurance models to help clients rebuild with resilience. This value-added endorsement is unique to Co-operators and available on eligible home, farm and commercial insurance policies. The coverage provides eligible policy holders with

up to \$3,000 for weather-resistant roofing upgrades and \$1,000 for preventative loss measures like security systems, sump pumps, or surge protectors (page 25).

We first launched Comprehensive Water – our innovative product solution that protects clients from the risk of flood – in Alberta in 2015 and made it available to all homeowners in Canada by 2018. It offers easy-to-understand, broad coverage (including coastal and storm surge), even in high-risk areas. We were the first company to offer this type of coverage in the Canadian residential property marketplace and have made it available to all risk types and all property types. In 2024, we provided coverage to more than 730,000 Canadian households through Comprehensive Water (page 25).

We send Weather Alerts to clients in advance of extreme weather events and other seasonal weather patterns that may put their property or safety at risk; in 2024 we sent over 25,000 Alerts.

We raise awareness to prepare communities for climate-related risks. In 2021, we launched the Climatic Hazards and Advanced Risk Modelling (CHARM) platform. 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 2024, we conducted a climate risk manager pilot program, partnering with eleven credit unions in BC and Ontario to understand how their needs could be met through advanced flood and fire exposure assessments (page 36).

In 2024, we acquired Carson Dunlop, a property inspection and engineering firm, and Custodia, a home management services company, entering the Home Services Sector. This will allow us to support resiliency of Canadians through improved home-purchasing decisions and ageing in place confidently and comfortably (page 36).

Regardless of their level of wealth, all clients can benefit from financial advice. With research showing that Canadians lack financial knowledge and don't seek advice, we set out to provide investments and wealth planning and advice services, regardless of current financial status. We continue to offer Co-operators-branded mutual funds and offer holistic financial solutions for our clients (page 28). We also launched our own financial literacy program, Planning for Life's Milestones, aimed at giving Canadians the financial knowledge and tools they need to navigate moments of big change.

We launched new coverage options that are rooted in the principles of Inclusion, Diversity, Equity and Accessibility: Family Building benefits, Gender Affirmation benefits, Indigenous Health benefits, and Weight Management benefits. Designed for our group benefits clients and plan sponsors, these new coverages empower employers to support diversity and foster a healthy and productive workforce (page 26).

Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Our partnerships support the sustainability of our communities to ensure they are prepared and can recover with strength when challenges occur. In 2024, we continued work with Partners for Action (P4A) at the University of Waterloo's Faculty of Environment. P4A is dedicated to advancing flood resiliency in Canadian communities (page 65). Further, we are a founding member of Wildfire Community Preparedness Day, supporting this annual event across the country (page 27).

Through our resilience investing project, we aim to bring private capital into the climate 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. In 2024, we explored community resilience opportunities including wildfire risk-reducing forest management practices; post-disaster home reconstruction that rebuilds dwellings to be net-zero optimized and climate resilient; and stormwater management improvements that will enable the development of new resilient housing in flood-prone watersheds (page 32).

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

We engage with governments and partner with organizations to help transform systems and policies that will create the conditions to enable financial security and resilience in our communities. In 2024, we were actively engaged with the federal government to influence the design and implementation of the national high-risk flood insurance program, and we collaborated with the Institute for Catastrophic Loss Reduction (ICLR) to advocate in support of updated building codes across jurisdictions (page 27).

We are also active members of Canada's Sustainable Finance Action Council (SFAC), which makes recommendations on critical market infrastructure needed to attract and scale sustainable finance in Canada. In October 2024, Canada's federal government announced it would be moving forward with two of the SFAC's key recommendations: the development of a sustainable finance taxonomy; and mandatory climate-related financial disclosures for large, federally incorporated private companies (page 41).

Through Addenda Capital, we are a founding supporter of Climate Engagement Canada, a coalition that now includes 41 companies with approximately \$7 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 (page 34).

We continue to partner with organizations to champion youth mental health such as Enactus Canada (page 65), as well as many other organizations through Co-operators Community Funds (page 67).

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. In 2024, we launched our Indigenous Youth Employability Initiative, a \$1 million commitment to support cultural safety, personal resilience, and employability of Indigenous youth at Co-operators, the broader co-operative sector, and beyond.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

As a PSI signatory, we are committed to publicly disclosing our progress in advancing the Principles. This marks our thirteenth year of disclosing progress toward each of the Principles. We invite you to read our [2024 Integrated Annual Report](#) to learn more about our efforts to integrate and embed co-operative and sustainability principles throughout our organization.