



2018 Integrated Annual Report

Highlights



We are operating in a period of unprecedented change. Issues like climate change, the coming transformation of personal transportation, and advancements in medical technology, to name a few, will significantly impact the needs and behaviours of our members, clients, communities and our industry. Throughout our history, we have remained distinct in our co-operative character and guided by our co-operative purpose. As we navigate challenges along the road ahead, these core aspects of our identity must continue to shine through.”

Joint statement from
John Harvie, Chairperson,
Board of Directors and
Robert Wesseling, President
and Chief Executive Officer

About The Co-operators

We are a leading Canadian multi-line insurance and financial services co-operative with \$41.7 billion in assets under management. Our subsidiary companies provide solutions in four core areas: Property and Casualty (P&C) insurance, Life insurance, institutional asset management and brokerage operations. We are driven to provide financial security and peace of mind to meet the evolving needs of Canadians and their communities.

An insurance co-operative, built with purpose

In 1945, a group of farmers and social pioneers banded together to meet the unmet insurance needs of rural Canadians and provide financial security for their families and communities. They made up our founding companies and unified around a common co-operative purpose to protect policyholders in good times and bad.

More than 70 years later, this purpose remains as relevant as ever. It is shared across our group of companies, which serves over one million client households, in addition to credit unions, co-operatives, non-profits, commercial clients and their employees.

Distinct in our co-operative character

Our co-operative nature compels us to focus on the pursuit of profit for people: we seek financial strength to ensure we can meet the unmet needs of our members, clients and communities. Our members, the ways we engage and support them, and how we are governed are integral parts of who we are and shape the products, services and solutions we provide.

Our mission: Financial security for Canadians and their communities

Client needs are always changing. As risks emerge and evolve, we analyze them through the lens of how they may affect the short-term and long-term financial well-being of the people we serve. Then, we work to develop solutions, seeking first to do the right thing, while ensuring we remain profitable to continue creating value and meeting needs over the long term.

Our vision

The Co-operators is valued by Canadians as...

- > A champion of their prosperity and peace of mind
- > A trusted leader in the financial services industry, distinct in its co-operative character
- > A catalyst for a sustainable society

Our statement of values

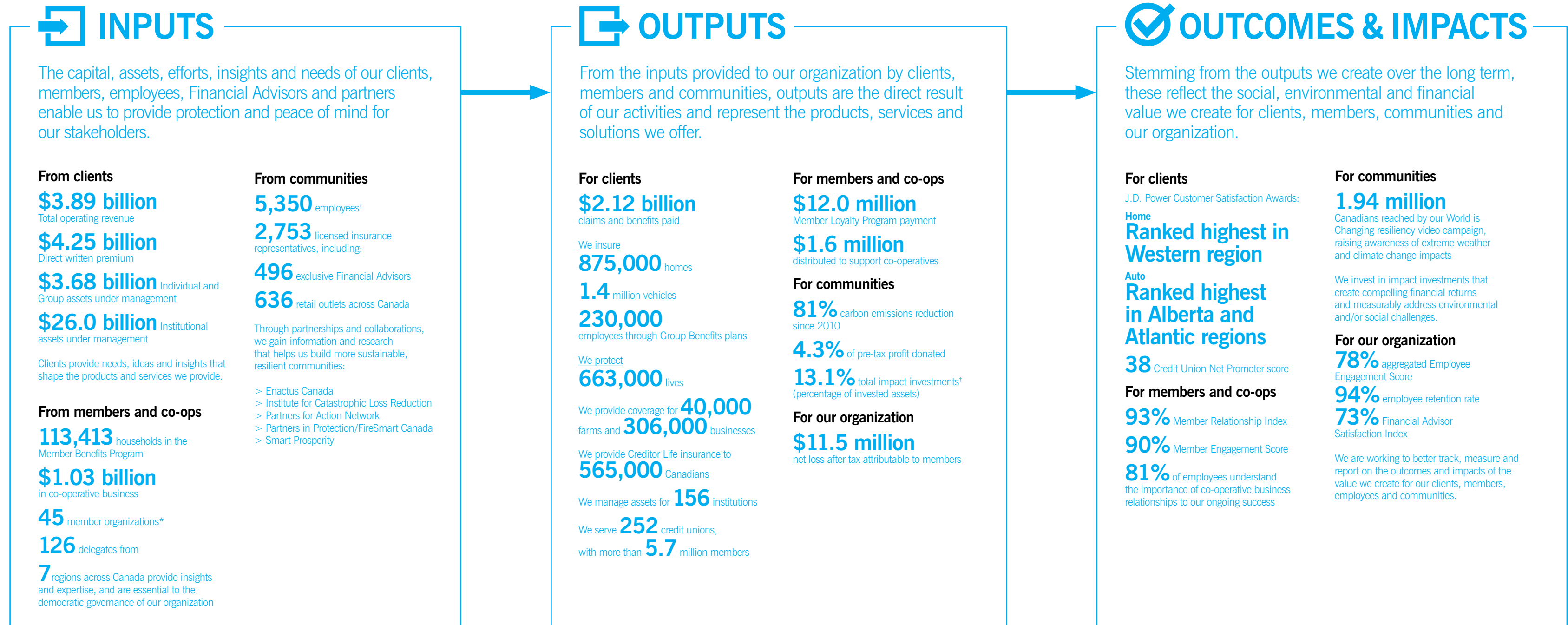
At The Co-operators, we:

- > Act with integrity
- > Treat our members and clients with respect
- > Inspire and support our employees in their achievement of excellence
- > Give life to co-operative principles and values
- > Balance our economic goals with concern for the environment and the welfare of society



How we create value

Everything from the financial capital we hold to the people we employ allows us to insure, protect and provide financial prosperity for clients, members and communities — the people and places that sustain our organization over the long term. Beyond providing insurance, risk management and wealth solutions, we aim to create lasting financial, social and environmental value for our stakeholders and society.



*The Co-operators Group Limited has 45 member organizations that govern our organization. †Includes employees from Premier group of companies and The Edge Benefits Inc. Non-financial reporting items for these entities have not been included in this report, unless otherwise noted. ‡Includes impact investments made with intent since the launch of our strategy and those that pre-date the strategy.

Balance sheet summary

$$\begin{array}{r}
 \$15.0b \\
 \text{total assets}
 \end{array}
 -
 \begin{array}{r}
 \$11.7b \\
 \text{total liabilities}
 \end{array}
 =
 \begin{array}{r}
 \$3.3b \\
 \text{total equity}
 \end{array}$$

Income statement summary

$$\begin{array}{r}
 \$3,983.3m \\
 \text{total revenue}
 \end{array}
 -
 \begin{array}{r}
 \$4,005.9m \\
 \text{total expenses}
 \end{array}
 +
 \begin{array}{r}
 \$27.6m \\
 \text{other items net of tax}
 \end{array}
 =
 \begin{array}{r}
 \$5.0m \\
 \text{net income}
 \end{array}$$

Stories from our stakeholders

Through our products, services, innovations and partnerships, we work to create value for a wide variety of people, organizations and communities across the country, from members to clients to Canadians and our communities.

Member profile: Growing the co-operative movement in Nunavik

La Fédération des coopératives du Nouveau-Québec (FCNQ) exists to support and meet the needs of co-ops in the Inuit communities of Nunavik. Each co-op is managed exclusively by Inuit and Cree staff, ensuring the knowledge and experience gained from operating their collective enterprises remains an asset of the community.

“A relationship of trust has made The Co-operators an invaluable partner for the development of FCNQ. As members, we can better promote the co-operative movement in Nunavik and collaborate with other members to build social and economic strength.”
— François Day, General Manager, FCNQ

“

Our shared co-operative principles have benefited our members in a way that almost certainly would not have happened otherwise. We've built a trust and respect that is rare in the commercial world.”

Thomas Bryk

President and Chief Executive Officer,
Cambrian Credit Union

Client profile: Supporting credit unions through a co-operative lens

Cambrian Credit Union is one of the largest credit unions in Winnipeg. In addition to the products and services that protect Cambrian's members, The Co-operators provides training, coaching, mentoring and support to help deliver on Cambrian's strategic priorities.

Partner profile: Improving the mental health of young Canadian leaders

Enactus Canada is dedicated to supporting a generation of young leaders in unleashing their entrepreneurial spirit to advance economic, social and environmental health. The Co-operators Youth Mental Health Project Accelerator empowers Enactus students with the resources needed to identify, create and deliver projects that bring mental health solutions to their communities.

“We're grateful for the focus on mental health that The Co-operators has brought to our program. These student-led projects demonstrate a multi-faceted approach and will leverage the expertise of local organizations.”

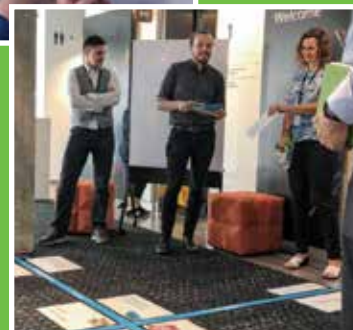
— Nicole Almond, President, Enactus Canada

Employee profile: Innovating to inspire the future of our business

Employees across Canada were brought together to research, conceptualize, and problem solve for future scenarios where disruption and change will be experienced by clients, communities and our industry. From the low-carbon economy to the changing nature of transportation, and more, they worked alongside external experts to propose plans of action that anticipate and meet the changing needs of stakeholders.

“I see the results of climate change on our clients, families and communities. It is inspiring to see our organization bringing thought leaders together to find financial and insurance solutions to address climate change.”

— Karen Flamand, Director, National Property Claims,
The Co-operators



Read the full report online

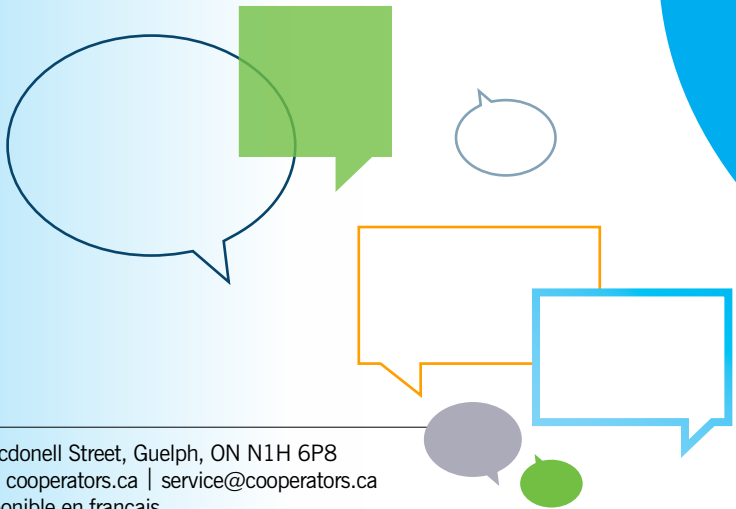
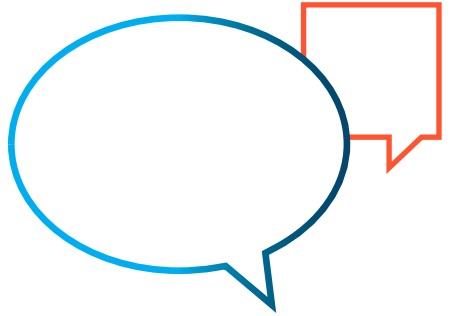
For a detailed look at our 2018 financial and non-financial performance, highlights and challenges, and to discover how we're creating value for clients, members and communities, visit cooperators.ca/integrated-report.

Awards and recognition

- > Aon Best Employers (Platinum)
- > Canada's Greenest Employers
- > Corporate Knights' Best 50 Corporate Citizens in Canada
- > Excellence Canada, Mental Health at Work, Gold

Highlighted affiliations and partnerships

- > Canadian Co-operative Investment Fund
- > Co-operatives and Mutuals Canada
- > Corporate Knights Council for Clean Capitalism
- > Enactus Canada
- > Insurance Development Forum
- > Institute for Catastrophic Loss Reduction
- > International Co-operative Alliance
- > International Cooperative and Mutual Insurance Federation
- > Kids Help Phone
- > LOMA and LIMRA International, Inc.
- > Partners for Action Network
- > Partners in Protection / FireSmart Canada
- > Responsible Investment Association
- > Smart Prosperity



The 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 April 3, 2019 | COR649 (04/19)



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