

2017 Integrated Annual Report Highlights

we are

The Co-operators

The Co-operators

The Co-operators Group Limited is a leading Canadian multi-line insurance and financial services co-operative. Our integrated subsidiary companies provide solutions in four core areas: property and casualty (P&C) insurance, life insurance, institutional asset management and brokerage operations.

By the numbers

\$48.5 billion in assets under administration
This includes assets under management from our clients' institutional investments, our Wealth Management products and our company assets.

43 member organizations*

5,044 employees**

2,820 licensed insurance representatives, including

512 exclusive Financial Advisors

643 retail outlets

Insures:

843,000 homes

1.3 million vehicles

220,000 employees through Group Benefit plans

Protects **692,000** lives

Provides coverage for:

39,000 farms and **290,000** businesses

Provides Creditor Life insurance to **597,000** Canadians

Manages assets for **151** institutions including pensions, insurance companies, co-operatives, endowments, and foundations

Serves over **300** credit unions with more than

5.5 million members

Market share position in Canada:

4th largest share of the P&C market

9th largest share of the life insurance market

**We are governed by 43 member organizations, including co-operatives, credit union centrals and representative farm organizations. A complete list of our members is available in the full report.*

***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 brochure, unless otherwise noted.*



Shaped by our mission, vision and values

As a co-operative, we aspire to grow and be profitable to benefit the people and communities we serve. We think of this as profits for people.

Our mission

Financial security for Canadians and their communities

We operate in a world of rapid change and are driven to protect the financial prosperity and peace of mind of present and future generations. We examine issues in the world around us through the lens of how they may affect the short and long-term needs of our clients, and seek to do the right thing while ensuring the business case is strong.

Our vision – to be valued by Canadians as:

A champion of their prosperity and peace of mind

Through ongoing consultation and analysis with members and clients, we work to develop products and solutions for a wide range of needs for individuals and organizations.

A leader in the financial services industry, distinct in our co-operative character

Our co-operative values guide and enable us to develop unique solutions to meet member and client needs. To be a leader in the financial services industry, we are committed to staying efficient and innovative.

A catalyst for a sustainable society

Environmental and social values coexist alongside financial prosperity. By embedding sustainability into all we do, we can be a catalyst by actively convening and collaborating with others working towards a sustainable future.

Statement of values

At The Co-operators, we:

- > strive for the highest level of integrity
- > foster open and transparent communication
- > give life to co-operative principles and values
- > carefully temper our economic goals with consideration for the environment and the well-being of society at large
- > anticipate and surpass client expectations through innovative solutions supported by mutually beneficial partnerships

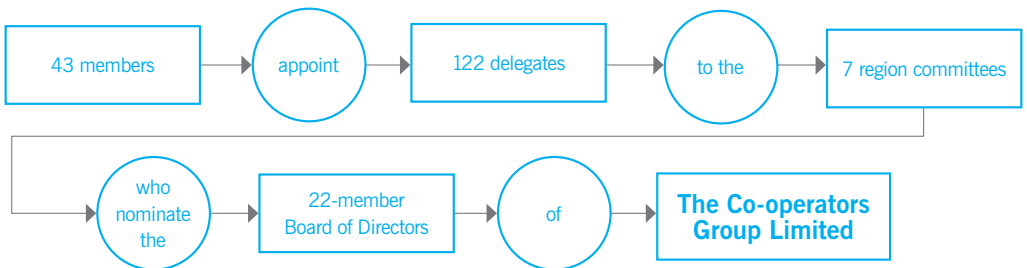
we are

an alternative to business as usual

“As a co-operative, we have a unique advantage in the face of change and uncertainty in our midst: we are enriched by a diversity of perspectives, backgrounds and insights. Our member organizations, representing much of the vast landscape of this country, ultimately guide our decision-making and give direction based on our co-operative values.”

– John Harvie, Chairperson, Board of Directors

Our governance is distinct from most financial services organizations, which assign control and voting power based on the number of shares owned. Through the principle of “one member, one vote”, our member organizations make decisions that influence how we conduct our business and provide products, services and solutions that meet the needs of Canadians.

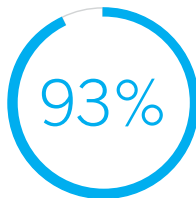


Engaging member organizations

The Co-operators is governed by 43 members, including co-operatives, credit union centrals and representative farm organizations. Together, we've built a strong, stable and growing national co-operative that delivers broad benefits to Canadians and their communities.



Member Engagement Score
Target: 85%

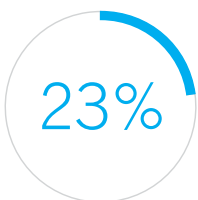


Member Relationship Index
Target: 85%

\$14.8m
paid to member organizations
through our Member Loyalty
Program in 2017

Broadening the perspectives of our Board

The Co-operators recognizes and values the benefits of having a diverse Board of Directors and considers diversity to be a key driver of our competitiveness and governance strength. Identified as one of our priority areas of focus, we continued taking steps to increase the representation of women on our Board and in the pool of delegates.



Representation of women on the Board of Directors
Target: 30% women by the end of 2020*

Industry average: 29.5%**

*In the long term, we aspire to have gender parity on the Board of Directors

**PhaseNyne: Annual Report Card™ 2017

there for clients

Our clients have unique and varying needs, and we are driven to provide each with financial security and peace of mind. To do so, we must keep pace with change and stay focused on opportunities to innovate and lead the industry in client engagement.

Developing products and services for a changing world

Throughout our history, we've developed insurance products to meet clients' evolving and unmet needs. One recent example – our Comprehensive Water product – provides flood coverage for even those most at risk. Currently available in Ontario and Alberta, this product endorsement will be accessible to all Canadians in 2018.

250,297

Number of Comprehensive Water policy endorsements

Target: 330,000 by the end of 2019

Expanding our Wealth products and services

The 2017 roll out of Financial Advisor training, tools, reporting and analytics is driving wider adoption rates of Wealth products across our agency network.

\$3.69b

Individual and Group assets under management (Wealth Management – Life operations)

Target: \$3.88 billion by the end of 2018

Protecting financial security and peace of mind

We're focused on continuously improving how we assess, price and manage risks, while embracing an innovative approach for handling claims in a changing world.

\$1.97b

Claims and benefits paid to clients in 2017

Leading the industry in client satisfaction

In 2017, The Co-operators won four out of five J.D. Power Home and Auto Customer Satisfaction Awards, reflecting progress towards achieving our goal of becoming the industry leader in client engagement.

J.D. Power Customer Satisfaction Awards



Growing to meet the needs of more Canadians

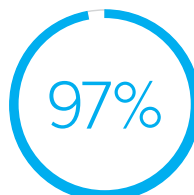
Strong client retention and growth are indicators of our competitiveness and client satisfaction, while reflecting our ability to meet client needs and provide financial security for Canadians and communities over time.

1.03m

Number of client households

Includes Co-operators General, Co-operators Life and COSECO for all retail business lines

Target: 1.02 million client households by the end of 2018



Gold client retention

Target: Maintain 96% or better annual retention

catalysts of positive change

Through the investments we make, the partnerships we forge, the tables we sit at and the actions we take, we help tackle important issues to help prepare Canadians for the challenges that will impact them now and in the future.

Supporting communities

Through contributions and investments, we support groups advocating for environmental, social and financial sustainability in communities across Canada and around the world.

Community investment
Total amount contributed to Canadian co-operatives, non-profits and charities

\$8.34m

4.8%

Percentage of pre-tax profit

Convening and advocating for a more sustainable future

Through these partnerships and affiliations, we facilitate and participate in conversations and initiatives that help steer the industry and global markets towards sustainability, and advocate for more resilient and sustainable communities.



Investing for financial, social and environmental benefit

We have a goal to invest six to 10 per cent of our invested assets into impact investments by the end of 2018. In 2017, we invested 7.7 per cent and are steadily growing this percentage each quarter.

What are impact investments?

Impact investments provide capital to intentionally and measurably address the world's most pressing environmental and social challenges. They generate an appropriate, risk-adjusted financial return and are reported on annually.

7.7%

Total impact investments*
(% of invested assets)

Target: 6–10% by the end of 2018

*Includes impact investments made with intent and those that pre-date the strategy.

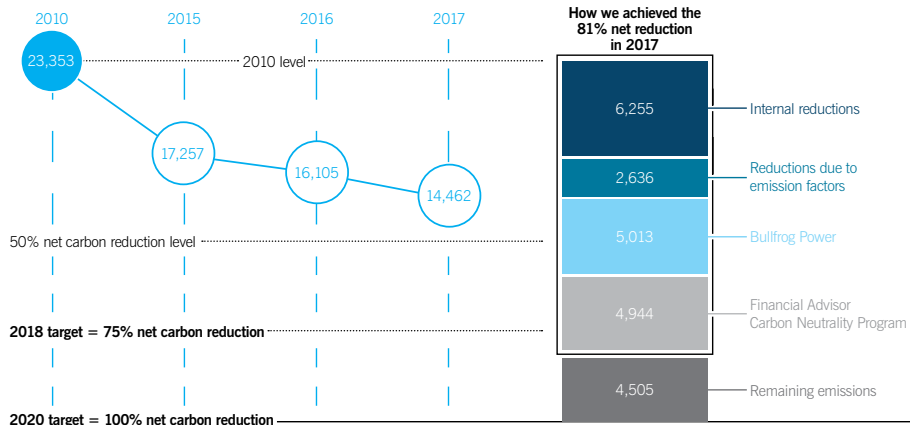
4.5%

Impact investments since the launch of our strategy (% of invested assets)

Measuring and minimizing our carbon footprint

We are committed to being carbon neutral equivalent by 2020, demonstrating that our company can be profitable while minimizing its environmental impact to help mitigate the risk of climate change.

Carbon emissions (tonnes of CO2 equivalent)



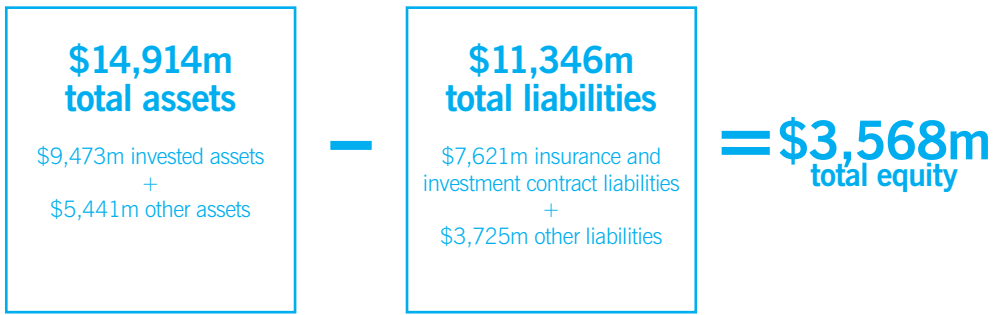
driven to stay competitive

“To deliver on our mission, we must be competitive and grow our business. Our success enables us to provide prosperity and peace of mind for the people we serve through the products and services we offer, the community investments we make, and in our advocacy for positive change. We are driven by the idea of profits for people.”

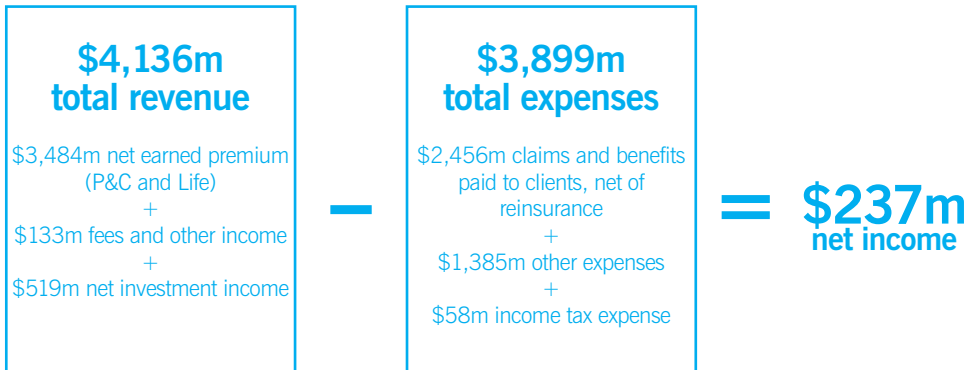
– Rob Wesseling, President and CEO

Our resilience as an organization depends on an ability to be profitable while meeting clients’ quickly evolving needs. The financial performance of our multiple business lines, the strength of our investments, and the competency and engagement of our workforce contribute to long-term growth and success.

Balance sheet summary

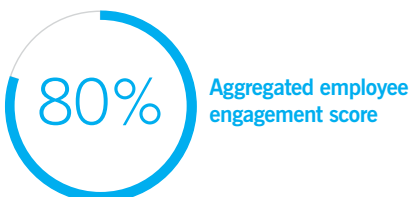


Income statement summary



Working together

Our people are our strength. They live out our vision and values, work hard to meet the evolving needs of our clients and deliver on our strategic objectives. Their well-being and dedication enables us to meet the needs of clients and communities while supporting the long-term resilience of the organization. We track the engagement of our employees, and assess the satisfaction of our Financial Advisors to ensure we continue to meet their needs.



73%

Financial Advisor satisfaction index

Target: Maintain 80% or better every year

we are a better place

Read the full report online

For a detailed look at our financial and non-financial performance, highlights and challenges of 2017, and to discover how we're creating value for our stakeholders, visit cooperators.ca/integrated-report.

Awards and recognition

- > Aon Best Employers (Platinum)
- > Corporate Knights Best 50 Corporate Citizens in Canada
- > Excellence Canada, Mental Health at Work, Gold
- > Workplace Benefits Award, Mental Health

Other affiliations and partnerships

- > Canadian Co-operative Investment Fund
- > Co-operatives and Mutuals Canada
- > Corporate Knights Council for Clean Capitalism
- > Insurance Development Forum
- > Institute for Catastrophic Loss Reduction
- > International Co-operative Alliance
- > International Cooperative and Mutual Insurance Federation
- > LOMA and LIMRA International, Inc.
- > Responsible Investment Association

The Co-operators

130 Macdonell Street, Guelph, ON N1H 6P8
Phone: (519) 824-4400
cooperators.ca | service@cooperators.ca
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