

2016 Integrated Annual Report Appendices

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Supplementary governance disclosures

The Co-operators Board of Directors

Board of Directors composition and independence

The Co-operators 22-member Board of Directors (Board) consists of individuals elected from our 43 member organizations across Canada. All directors are independent from management and unrelated to the day-to-day operations of the business.

Mandate of the Board

The Board is responsible for key governance issues such as:

- > ensuring the financial viability of the Company;
- > participating in developing and giving final approval of the core values and mission of the company and monitoring performance;
- > approving the process for selecting the president and CEO and actually appointing the president and CEO and secretary; and
- > ensuring that the Company maintains a leadership role within the insurance industry and provides a leadership role in the co-operative movement.

Board control of significant decisions

Management is responsible for the day-to-day management and operations of the company. Major decisions, such as significant investment transactions, acquisitions, potential acquisitions, joint ventures, financings, diversitures, or other business arrangements must be submitted to the Board for prior approval. The Board reviews the financial statements, participates actively in developing the strategic business plans for the company each year and monitors the organization's progress in achieving its financial and business plans throughout the year. It also actively participates in the four-year planning process and the monitoring and evaluation of each four-year plan as it unfolds.

Board of Directors

Directors of The Co-operators are elected at the Annual General Meeting held in April each year. The term for directors is three years, which commences at the close of the AGM.

Board demographics

The Co-operators recognizes and values diversity, including gender, age, ethnicity, culture, and geographic and sectoral representation.

BOARD OF DIRECTORS GENDER, MINORITY STATUS, LANGUAGES SPOKEN AND AGE

Gender	Men	17 (77.3%)				
	Women	5 (22.7%)				
Belong to a minority	Overall	1 (4.5%)				
	Gender	Men: 1 (4.5%)		Women: 0 (0.0%)		
Are of Aboriginal origins	Overall	1 (4.5%)				
	Gender	Men: 0 (0.0%)		Women: 1 (4.5%)		
Official languages	English spoken	22 (100.0%)				
	French spoken	8 (36.4%)				
Years of age	45–50	50–54	55–59	60–64	65–69	70+
Number of directors	1 (4.5%)	2 (9.1%)	5 (22.7%)	7 (31.8%)	6 (27.3%)	1 (4.5%)

GEOGRAPHIC REPRESENTATION

Region	AB	ATL	BC	MB	ON	QC	SK
Number of directors	3	3	3	1	8	2	2

DIRECTOR YEARS OF SERVICE AT THE CO-OPERATORS AND IN THE CO-OPERATIVE AND CREDIT UNION/CAISSE POPULAIRE SECTORS

Years	0–3	4–6	7–9	10–12	13–20	21–30	>30	Total
Number of Directors - The Co-operators	8	6	4	3	1	0	0	122
Number of Directors - Co-operative sector	2	3	1	1	5	5	5	436
Number of Directors - Credit union/ Caisse populaire sector	12	1	0	1	2	2	4	238

The Co-operators Group Limited Board committee structure

The **Audit Committee** assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the company, and such other duties as directed by the Board. The committee's purpose is to oversee the accounting and financial reporting processes of the company, the audits of the company's financial statements, the qualifications of the public accounting firm engaged as the company's independent auditor to prepare or issue an audit report on the financial statements of the company, and the performance of the company's internal audit function and independent auditor. The committee reviews and assesses the qualitative aspects of financial reporting to shareholders, and other key stakeholders and compliance with significant applicable legal, ethical, and regulatory requirements. The committee is directly responsible for the appointment (subject to member approval), compensation, retention, and oversight of the independent auditor. Management, on the other hand, is responsible for the preparation, presentation and integrity of the interim and annual financial statements and related disclosure documents. Management is also responsible for maintaining appropriate accounting and financial reporting policies and systems of internal controls and procedures that are in compliance with accounting standards, applicable laws and regulations and that provide reasonable assurances that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly.

The committee serves as the Audit Committee of The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company, Co-operators Life Insurance Company, The Sovereign General Insurance Company, COSECO Insurance Company and The Equitable General Insurance Company. It will fulfill a monitoring role with respect to the other subsidiaries and affiliates within The Co-operators Group Limited.

The **Corporate Governance & Conduct Review Committee's** role is to:

- > develop and recommend policies and practices to maintain high standards and best practices in corporate and co-operative governance;
- > serve as a centre of self-reflection to build and enhance governance effectiveness through board and director education and performance management programs;
- > carry out board responsibilities with respect to the Self-Dealing provisions as set out in Part XI of the Insurance Companies Act, the other sections of the Insurance Companies Act which specifically mandate or reference the Conduct Review Committee;
- > carry out board responsibilities with respect to matters involving conflicts of interests and the conduct of related parties to The Co-operators and without limiting the generality of the foregoing responsibilities of the Board concerning those matters as set out in the Appendices; and
- > consider and receive the Chief Compliance Officer reports on Compliance-related matters.

The committee also conducts an annual review of and advises management on the Board of Director's budget.

The **Member & Co-operative Relations Committee** provides oversight to strategic initiatives that ensure The Co-operators delivers on its goal to be the insurance provider of choice for member and co-operative clients and plays a leadership role in the national and international co-operative communities.

The committee oversees membership and reviews strategies to advance The Co-operators co-operative identity with its key stakeholders. The committee also has responsibility for The Co-operators Democratic Structure Review process. The chairperson of the Member & Co-operative Relations Committee also serves as the chairperson of the Resolutions Committee.

The **Risk & Compensation Committee**¹ oversees the Company's Enterprise Risk Management (ERM) Program, including the Company's identification of key risks, risk appetite, risk management policies, risk assessments, risk reporting, and program compliance. The committee provides oversight of the Company's Chief Risk Officer, gives guidance and advice to senior management on strategic issues linked to The Co-operators Top Risk Issues and fulfils the oversight responsibility of the Board of Directors in relation to the Company's lending and investment programs.

The committee develops for the Board's approval and periodically evaluates the Board of Directors' and president and CEO's compensation programs. It administers the performance management programs of the president and CEO and executive vice-president, Member Relations, Governance and Corporate Services. The committee ensures that effective management succession plans are in place and provides oversight of the Sponsor's responsibilities related to The Co-operators Retirement Plan.

The **Sustainability & Citizenship Committee** is responsible for providing oversight of the sustainability performance of The Co-operators group of companies. It reviews and recommends policies, strategies and annual plans to advance the Company towards its sustainability vision and monitors strategy and policy implementation and stakeholder engagement. The committee monitors integration of sustainability risk management across the Company. It advises the Board on the sustainability impact of key decisions and emerging sustainability issues, risks and opportunities.

The committee also provides oversight of the corporate citizenship programs of The Co-operators Group and its group of companies. Corporate citizenship is also referred to as "community investment" and pertains to corporate donations, sponsorships, employee volunteering and other aspects of our community contributions.

The **Resolutions Committee's**² role is:

- > to review resolutions and proposals submitted to the committee by any delegate of a member, a Regional Committee, and the Board of Directors, to be presented to the Annual or Special General Meetings of The Co-operators; to ensure that the resolutions and proposals are in proper form, are in order, comply with the process adopted for resolutions, and are presented to the Annual or Special General Meeting;
- > to consolidate similar motions; to consult with the Sponsor of the motion in so doing;
- > to instruct the secretary or the associate secretary to distribute copies of proposed resolutions to delegates in accordance with the adopted process for resolutions.

1. The committee serves as the Risk & Compensation Committee for The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company and Co-operators Life Insurance Company (together "the Company").

2. The Resolutions Committee is comprised of eight (8) members; being one member-delegate elected from each region committee and one director from the Board of Directors. The member of the Board who is appointed as chairperson of the Member and Co-operative Relations Committee also holds the position of chairperson of the Resolutions Committee.

DIRECTORS MEETING ATTENDANCE

The following charts report attendance of directors (who served on the Board as of December 31, 2016) at meetings of The Co-operators.

Directors retired from the Board in April 2016 are not included.

	Board of Directors	Annual	Region Committee
	8 Meetings	1 Meeting	2 Meetings
Don Altman	8	1	2
Phil Baudin	7/8	1	2
Denis Bourdeau	8	1	2
Daniel Burns	7/8	0	1/2
Louis-H. Campagna	7/8	1	2
Johanne Charbonneau	7/8	1	1/2
Gilles Colbert	8	1	2
Hazel Corcoran ¹	6/6	1	1/1
Roger Harrop	8	1	2
John Harvie ²	8	1	7
Geri Kamenz	8	1	2
Réjean Laflamme	8	1	2
Denis Laverdière	8	1	1/2
Jim Laverick	7/8	1	2
Michael Mac Isaac	7/8	1	2
Emmet McGrath	7/8	1	1/2
Bob Petryk ¹	5/6	1	1/1
Collette Robertson	8	1	2
Dave Sitaram	7/8	1	1/2
Jocelyn VanKoughnet	8	1	2
Jack Wilkinson	8	1	2
Alexandra Wilson	8	1	2

1. Elected in April 2016.

2. Chairperson of the Board of Directors.

	Audit	Corporate Governance & Conduct Review	Member & Co-operative Relations	Risk & Compensation	Sustainability & Citizenship
	6 Meetings	5 Meetings	5 Meetings	5 Meetings	4 Meetings
Don Altman			1/1		3/3
Phil Baudin					4
Denis Bourdeau			5		
Daniel Burns	5/6				
Louis-H. Campagna					4
Johanne Charbonneau				4/5	
Gilles Colbert	6				
Hazel Corcoran ¹			4/4		
Roger Harrop				5	
John Harvie ²	3	5	4	5	3
Geri Kamenz	6				
Réjean Laflamme		4/5			
Denis Laverdière			5		
Jim Laverick	5/6				
Michael Mac Isaac		5			
Emmet McGrath	6				
Bob Petryk ¹				4/4	
Collette Robertson		5			
Dave Sitaram		5			
Jocelyn VanKoughnet					4
Jack Wilkinson			5		
Alexandra Wilson				5	

1. Elected in April 2016.

2. John Harvie is the chairperson of the Board of Directors and a member of the Risk & Compensation Committee. He is an ex-officio member of the other committees and regularly attends these meetings to keep current on all Co-operators issues.

Board education

In addition to formal Director Orientation, The Co-operators Board of Directors dedicates two days per annum to board education and also includes regular educational presentations in its meetings throughout the year.

Director Orientation and Orientation II sessions were provided in 2016 to support new director onboarding. As well, new directors were assigned mentors to support their introduction to The Co-operators.

In 2013, the Board launched a Director Development Program (DDP) as a strategic pillar of its approach to overall board effectiveness. The DDP is a customized, competency-based program built for The Co-operators Board, by the Board. Following the DDP Launch Event and Module 1 – Knowledge of the Business: P&C Insurance in 2013, the Knowledge of the Business: Life Insurance and Strategic Thinking and Decision modules were delivered in 2014. In 2015 three additional modules were delivered: Risk Governance; CEO Compensation, Performance Management and Succession; and, Audit, Compliance and Regulatory Frameworks.

In 2016 a module on Financial Governance was delivered along with the program's capstone module, in which the directors participated in a board simulation activity that provided a dynamic opportunity to showcase their skill development as directors since the introduction of the DDP in 2013.

DDP aims & objectives

Aims

- > To raise the level of insurance/industry knowledge, skills and governance performance of directors
- > To support governance oversight and decision making through the co-operative lens
- > To enhance the level of confidence and competence of The Co-operators directors in fulfilling their oversight role and responsibilities
- > To improve the confidence of members/stakeholders in the capability of their elected representatives
- > For The Co-operators to become recognized as an exemplar of professional learning and development within the co-operative movement
- > To demonstrate an ongoing commitment to continuous learning and improvement to our regulatory bodies
- > To raise the level of awareness and importance of director competency with our members as they contemplate potential nominees to The Co-operators Board

Objectives

- > Enhance the skills and competencies necessary for directors of The Co-operators
- > Improve knowledge of The Co-operators business operations and markets
- > Ensure sound understanding of co-operative/corporate business oversight with particular focus within the insurance sectors
- > Provide greater awareness of the issues and trends impacting the financial services/insurance industry
- > Understanding by directors of their own personal strengths and weaknesses
- > Instill a sound understanding and knowledge of co-operative and corporate governance and how it operates within The Co-operators context
- > Improve leadership skills and provide continued personal and professional development

DDP competency framework

- > Audit/Compliance/Regulatory Framework
- > CEO Performance, Compensation and Succession Planning
- > Corporate and Co-operative Governance
- > Financial Governance
- > Knowledge of the Business (P&C, Life & Other Operations)
- > Risk Governance
- > Strategic Thinking & Decision Making

Director training & development

Each director has access to an individual training and development allowance to fund personal performance enhancement training. Up to \$18,000 per three-year term is available to fund participation in individual director skills-based training and development.

All activity supported by this fund requires pre-approval by the chairperson of the Board. Additionally, directors are encouraged to prepare a report summarizing their experience for information sharing with their colleagues. In 2016, directors completed 50 days of individual training and development activities.

DIRECTOR TRAINING AND DEVELOPMENT INVOLVEMENTS – January 1 to December 31, 2016

Name	Event	# of days
Don Altman	LIMRA/LOMA Conference	1
Phil Baudin	LIMRA/LOMA Conference	1
	Audit Committee Education Day	1
Daniel Burns	Director Audit Committee Certification	3
Louis-H. Campagna	Director Orientation II	1
	Audit Committee Education Day	1
	International Summit of Co-operatives	3
Johanne Charbonneau	ICMIF/Americas Conference	3
Gilles Colbert	Director Orientation II	1
	LIMRA/LOMA Conference	1
	IIC P&C Insurance Essentials	1
Hazel Corcoran	Director Orientation	1.5
	International Summit of Co-operatives	3
Roger Harrop	LIMRA/LOMA Conference	1
John Harvie	International Summit of Co-operatives	3
	ICMIF/Americas Conference	3
Geri Kamenz	LOMA Insurance Immersion	3
Réjean Laflamme	ICMIF/Americas Conference	3
Denis Laverdière	Audit Committee Education Day	1
	IIC P&C Insurance Essentials	1
Michael Mac Isaac	International Summit of Co-operatives	3
Bob Petryk	Director Orientation	1.5
Collette Robertson	LIMRA/LOMA Conference	1
Dave Sitaram	International Summit of Co-operatives	3
Jocelyn VanKoughnet	LIMRA/LOMA Conference	1
	ICD CEO Transition Luncheon	1
Jack Wilkinson	International Summit of Co-operatives	3

Director competencies

The Board of Directors believes it is important to articulate and communicate the desired skills, knowledge, experience and attributes of members serving on its board and committees.

A Director Skills Matrix was adopted by the Board in 2013 and is shared with the membership to inform and support The Co-operators nomination and election process as well as the Board's Populating Committee's process.

Desired skills, knowledge, experience and attributes

It is critical that The Co-operators Board of Directors be comprised of individuals that collectively possess a healthy balance of skills, expertise and perspectives to provide effective oversight to The Co-operators group of companies.

While directors are expected to exhibit independence of action and thought, it is also important they have the ability to work as a team in advancing the best interests of The Co-operators.

In addition to the qualifications of directors set out in the board mandate policy, each director is expected to bring to the board table related skills, knowledge, experience and personal attributes to add value to The Co-operators.

[The Institute of Corporate Directors](#) (ICD) identifies '18 Competencies of an Effective Director'. The matrix on page [AP-10](#) was developed utilizing the competencies promoted by the ICD and has been customized to reflect the needs of The Co-operators as a co-operative insurer/financial services provider, member and democratically controlled organization.

DIRECTOR SKILLS MATRIX

	Competencies and attributes	Definition
Knowledge	Board role and responsibilities	Understands director and board responsibilities, accountabilities and liabilities. Experience with and knowledge of co-operative and corporate governance structures, processes and best practices.
	Business	Understands The Co-operators structure, core business and insurance/financial services industry.
	Stakeholder	Understands The Co-operators key stakeholders, member organizations and co-operative sector.
	Technology	Ability to identify and assess technology issues through a risk and strategic lens.
Analytical and technical skills	Financial acumen	Able to read, interpret and assess financial reports.
	Decision making	Able to identify and diminish 'group think' tendencies and recognize decision-making biases in board discussions. Willing to support and promote board decisions.
	Process orientation	Makes decisions and seeks outcomes by consistent application of logical analysis.
Thinking	Strategic	Experience and ability to think strategically by integrating or linking a range of internal and external factors impacting The Co-operators business environment.
	Independent	Maintains own convictions and reaches own conclusions despite undue influence, opposition or threat.
	Open-minded/ Information seeking	Values the diverse opinions of others and builds on the foundation of other people's views.
Personal style	Ambiguity and risk tolerance	Retains a positive outlook when the group is unable to resolve an issue or reach a conclusion. Willing to take a measured risk even when the outcomes are uncertain. Understands and able to balance the relationship between risk and reward.
	Judgement	Applies common sense, measured reasoning, knowledge and experience to reach a conclusion.
	Integrity	Trustworthy and conscientious. Acts and speaks with consistency and honesty.
	Self-aware	Assesses strengths and weaknesses of self and manages them successfully.
	Bias to learn	Invests time learning about the organization, its people, challenges and opportunities and the industry in which The Co-operators operates.
Social Style	Conflict resolution	Works to ensure conflict is resolved respectfully and inclusively in order to maintain/restore healthy relationships.
	Communication	Gives and receives information with clarity, attentiveness, understanding and perception.
	Influence and impact	Ability to influence peers, management and stakeholders.
	Political astuteness	Experienced and adept with board and stakeholder relations.
	Team player	Able and willing to work co-operatively in a team environment.
Commitment	Personal	Demonstrates interest in the long-term success of The Co-operators and ability to be an ambassador for the organization.
	Values	Understands, supports and promotes The Co-operators mission, vision, values and Code of Conduct.

Individual Director Assessment

Directors serving on The Co-operators Board for one full year participate in the annual Individual Director Assessment (IDA) process. Directors along with the senior management regularly in attendance at board meetings contribute to the peer review. The IDA results are shared with each director and the chairperson of the Board. The chairperson conducts a follow-up meeting with each director to debrief their results and discuss their personal action plan.

An annual chairperson evaluation process is also in place to consider the role, responsibilities, desired competencies, personal qualities and behaviours for the position and provide the chairperson with feedback on his/her effectiveness in the role.

A Board Committee Effectiveness evaluation process was introduced in 2014 and includes both committee self-assessment as well as board assessment of committee performance.

The Corporate Governance & Conduct Review Committee of the Board reviews the aggregate results of the IDA as well as meets with the chair of the Board to discuss the results of his/her assessment.

Board of Directors budget

The Board of Directors budget includes the costs associated with director remuneration and expenses; board/committee meetings and communication; training & development; and board-sponsored initiatives.

The 2016 board budget expenses totaled \$3,743,780, compared to \$2,804,361 in 2015. The change in year-over-year costs reflect the CEO Search and selection activities, external consulting fees, and additional meeting and travel expenses.

Board/Director compensation

Board of Directors compensation philosophy

A skilled and dedicated board is essential to the effective governance of The Co-operators group of companies. In compensating the chairperson and members of the Board for their service, the company wishes to:

- > Offer a compensation package that, taken as a whole, is competitive within the Canadian marketplace for multi-line insurance companies and co-operatives of similar size and scope of business to that of The Co-operators;
- > Maintain consistency with the company's philosophy for the compensation of its executives and other employees.

Principles

The following principles guide the development of the Director Compensation Plan:

- > Our compensation practices should motivate directors to keep the long-term interests of the company in the forefront at all times;
- > Compensation should put service before personal gain, while being sufficient to attract directors of appropriate skill and experience;
- > Compensation should vary with the responsibility, expected time commitment and potential risk associated with different positions within the Board. Accordingly, the chair of the Board and chairs of board committees will receive additional compensation;
- > Compensation should promote full attendance at board and committee meetings, while recognizing that the core responsibilities of a director and risks assumed do not vary directly with the time spent attending meetings. Accordingly, cash compensation will take the form of a fixed retainer, supplemented by a per diem fee for attendance at meetings and other approved activities;
- > Compensation should recognize that directors come from widely varying distances to attend meetings. Accordingly, fees will be paid for travel time;
- > Directors should be fully reimbursed for reasonable out-of-pocket expenses incurred in the performance of their duties as directors;
- > Members of the Board should be encouraged to higher performance through continuous learning and development. Accordingly, financial support will be available for approved activities.

Current compensation

- > The chairperson receives an annual retainer of \$90,000;
- > All other directors receive an annual retainer of \$28,000;
- > The chairperson of the Audit Committee receives an additional annual retainer of \$12,000 to recognize the additional time commitment/responsibilities of this role;
- > The chairperson of the Risk & Compensation Committee receives an additional annual retainer of \$10,000 to recognize the additional time commitment/responsibilities of this role;
- > The chairperson(s) of other standing board committees (Corporate Governance & Conduct Review; Member & Co-operative Relations, and Sustainability & Citizenship) receive an additional annual retainer of \$8,000; and
- > All directors receive a per diem of \$750 a day, for attendance at board meetings, board committee meetings, or other functions attended by the director on behalf of CGL or its subsidiaries.

Governance policies

The Co-operators Board of Directors maintains a fulsome Board Policy Monograph that details its oversight functions to help achieve the Board Mandate. The monograph includes policies pertaining to regulatory activities and governance best practices which are reviewed by the standing committees and Board of Directors at scheduled intervals to maintain their relevance and accuracy. Although there is a diverse and robust suite of policies included in the monograph, policies identified in the Integrated Annual Report are detailed below.

Conflict of Interest Policy

Background: The Insurance Companies Act, Canada, as amended governs the activities of most of the insurance companies within The Co-operators group of companies. This Act has specific statutory requirements related to acts or policies which the Board of Directors is required to establish or identify. One such requirement is the requirement to ensure that procedures have been established to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information. This includes the requirement for the Board or a board committee to exercise oversight over this process.

By motion of the Board as at November 13, 1992, the Board approved a "Conflict of Interest" policy to comply with the requirements of the Insurance Companies Act. Since that time a number of other policies have been adopted both by the Board and by the Company with respect to Conflicts of Interest, a Code of Ethics and Director Conduct. In reviewing the company's various policies in this regard it has been determined that it is desirable to update and consolidate references herein to those various policies. The Acts governing the four primary companies to which this policy applies also have specific provisions with respect to conflicts of interests by officers or directors.

Policy: The Co-operators endorses business activity, premised on professional ethics, in a working environment free from real, perceived or potential conflicts of interest. Activity which compromises objective business decisions and/or results in inappropriate personal gain is prohibited.

A high standard of conduct is also expected with respect to the use and disclosure of information which is confidential to the company, to directors or employees of the company, to policyholders or to any other person where by agreement or the operation of law the information is required to be maintained in a confidential manner.

Procedure:

The following procedures are provided for clarification purposes only and in no way limit the scope of the general rules established by this policy.

1. The Compliance Officer shall prepare and distribute annually a conflict of interest declaration form for officers and directors of the Company to be distributed no later than January of each year;
2. That the Compliance Officer annually prepares a summary of the number of officers and directors who have or who have not completed a conflict of interest form, and with respect to those who have completed the form, notes any conflicts which had been identified and how they had been resolved;
3. That the Compliance Officer's report noted in 2 hereof shall be presented to the meeting of the Corporate Governance & Conduct Review Committee following the collection of the information in each year;
4. The senior vice-president, Human Resources of the Company and his or her designate(s) are responsible for ensuring that staff members are aware of and understand policies relating to ethical conduct, in particular the Company's Code of Ethics which includes the Conflict of Interest Policy for staff and the Corporate Opportunities for Senior Management Policy. The appropriate level of Management is also responsible to ensure that those policies are complied with, that appropriate 'sign-offs' are obtained as required by those policies, and that conflict of interest situations are appropriately resolved in accordance with those policies.
5. A director or officer of the Company shall not participate in discussions or vote on matters which relate to any person or entity in which they have a material interest. A director or officer shall declare the potential conflict as soon as is practicable before the matter is discussed and absent him or herself from the board meeting which is dealing with such a matter.
6. Directors appointed to the Board of Directors of a subsidiary company of The Co-operators pursuant to Board Policy No. 20 (Subsidiary Board Governance) shall absent him or herself from any discussion at the board of the parent company related to the subsidiary company where his or her duty as a fiduciary of the parent company and the subsidiary may conflict, or where the appropriateness of a course of action of the subsidiary with respect to any action or transaction is being questioned by the parent board, or where a corporate opportunity has or is being proposed to be presented to the parent board by the subsidiary company.
7. Directors or officers attending board meetings who believe they may have a conflict of interest on matters before the Board shall disclose its existence to the Board at the time they realize that they have a conflict of interest or as soon as is reasonably practicable thereafter and request that the declaration of the conflict of interest be entered into the minutes of the meeting.
8. Disclosure by a director or officer as provided herein shall be made:
 - (a) at a meeting at which an issue related to his or her potential conflict of interest is first considered;
 - (b) where a director's interest is in an issue which did not put him or her into a potential conflict of interest position at the first meeting at which it was discussed, at the first meeting after he or she becomes so interested;
 - (c) where a director's interest is in an issue which puts him or her in a potential conflict of interest situation after the issue is discussed, at the first meeting after he or she becomes so interested; or,
 - (d) if a person who has an interest in an issue, which puts him or her in a potential conflict of interest, later becomes a director, at the first meeting after he or she becomes a director.
9. Every director and officer shall keep confidential all information respecting the business or transactions of the company, particularly information with respect to clients of the company, staff and company proprietary interests, including lawsuits in which the company is either the plaintiff or a defendant and shall disclose such information only in the following circumstances and only if in such circumstance it is not otherwise prohibited by the operation of law:
 - (a) to a person acting in a confidential or professional relationship with the Company;
 - (b) to a financial institution with which the Company has transactions which may involve confidential matters;
 - (c) to a credit granting or to a reporting agency, on a confidential basis and where permitted by law;
 - (d) to the Office of the Superintendent of Financial Institutions for Canada or to any other regulatory authority where permitted or required by applicable law;
 - (e) to protect the interests of the Company, where permitted by law;
 - (f) with the prior written consent of the person to whom the confidential information relates and where it is otherwise permitted by law;
 - (g) to any other person entitled to the information by the operation of law.

10. To the extent information at board or other meetings of the Company is intended to be confidential, the chair or the appropriate management person will indicate the items to be discussed which are to be kept as confidential by the Board and management.
11. Where confidential information is disclosed by a director or officer, the person disclosing the information has the obligation to forthwith advise the chairperson of the Board (in the case of directors and the chief executive officer) or the appropriate CEO, senior vice-president or vice-presidents in the case of management.

Code of Conduct Policy

Background: The Board of Directors of The Co-operators oversees the management of the Company. It ensures that management operates in accordance with codes of conduct and procedures to ensure that staff and the Company discharge their fiduciary duties with the utmost good faith, to the highest standard and with a view to the best interests of the Company. Given the different roles played by the Board, directors and staff, codes of conduct must be in place and appropriate for each. As fiduciaries of The Co-operators the Board of Directors and each director collectively and individually commit ourselves to upholding the highest standards of conduct in serving the best interests of The Co-operators. That is the purpose and background to this policy.

Policy: The Board of Directors and each director of The Co-operators commits him or herself to:

1. Discharge his or her duty in good faith, competently, diligently, in accordance with best practices applicable to directors and with a view to the best interests of the Company;
2. Hold the highest level of integrity as our standard of conduct;
3. Ensure that the Company complies both with the spirit and the intent of applicable laws, including those intended to promote good corporate citizenship and accountability;
4. Ensure that the Company complies both with the spirit and the intent of the principles of the International Cooperative Alliance;
5. Ensure that the Company conducts itself in the communities it serves as a good corporate citizen;
6. Promote, support and encourage by example management practices which reinforce our mission and core values, equitable employment practices, anti-harassment policies, ethical practices and dealings;
7. Conduct our dealings with and on behalf of the company observing the highest standard of ethics and in a manner to avoid possible conflicts of interests;
8. Participate fully in the democratic structure of The Co-operators including attending all or substantially all of meetings of the Board of Directors of the Company as well as the region committee meetings in the regions from which the director was nominated or who he or she represents as well as the Annual General Meeting or any Special General Meetings of the Company.

Procedure:

1. Any allegations of conduct unbecoming a director of The Co-operators pursuant to this policy may be referred to the Board of Directors for appropriate action;
2. Any allegation made under 1 shall be considered by the Corporate Governance & Conduct Review Committee;
3. The Corporate Governance & Conduct Review Committee shall meet in-camera, shall hear any evidence which it deems appropriate, including the evidence of any advisors it chooses to consult and shall give the affected director the opportunity to be heard and to examine evidence produced before it prior to making any decision or rendering any judgment;

4. The Corporate Governance & Conduct Review Committee may make any recommendation it deems to be reasonable in the circumstances up to and including dismissal from the Board;
5. The Board of Directors shall consider any recommendations of the Corporate Governance & Conduct Review Committee in camera and may make a decision with respect to disciplinary action where appropriate;
6. Any director against whom a finding may be made is entitled to a hearing before the full Board before any finding is made;
7. Where The Corporate Governance & Conduct Review Committee proposes in its recommendation to dismiss the director from the Board, the proposal of the committee must be unanimous and must be made in the context of a recommendation to be endorsed by the Board of Directors, having given the director the opportunity to be heard as required by relevant legislation, to have the members under section 88 (1) of the Canada Cooperatives Act, the shareholder under section 109 (1) of the Canada Business Corporations Act and the shareholder or policyholders as the case may be, under section 181 of the Insurance Companies Act remove the director from office at a meeting specially called for the purpose or at the next regularly scheduled meeting of members, shareholders or policyholders as the case may be, which meeting shall be deemed to be a special meeting called for the purpose;
8. Nothing herein restricts the ability of the Board at its own instance to make a recommendation to the members or shareholders as the case may be to dismiss a director from the Board as the result of behaviour unbecoming a director.

Board of Directors: Profiles



Don Altman
Ontario

Don Altman joined The Co-operators Board in April 2013. He is a member of the Sustainability & Citizenship Committee and formerly served on the Member & Co-operative Relations Committee. Previously, Don was a delegate to The Co-operators representing Ontario Natural Food Co-operative from June 2007 to April 2013.

Don is a director on the board of Ontario Natural Food Co-operative, where he holds the position of treasurer and also serves on the boards of Home Ownership Alternatives and the Church-Isabella Residents Co-operative.

During Don's 35-year career with the City of Toronto, he held several positions in the finance department and retired from the position of manager of Corporate Financial Strategies in the spring of 2016.

Don holds a Bachelor of Arts in Geography from the University of Toronto and a Master of Science in Geography from Northwestern University. He is a graduate of the Credit Union Director Achievement Program.

Don received a Co-operative Lifetime Achievement Award from the Ontario Co-operative Association; the Gary Gillam Award for Social Responsibility; and is an Honorary Lifetime Member of the Co-operative Housing Federation of Toronto.



Phil Baudin
British Columbia

Phil Baudin joined The Co-operators Board in April 2013. He is the chairperson of the Sustainability & Citizenship Committee and formerly served on the Member & Co-operative Relations Committee. Previously, Phil was a delegate to The Co-operators representing Modo The Car Co-op from August 2009 to April 2013.

Phil is active in the area of co-operatives and community service and has led a variety of sustainability-driven organizations, including Modo The Car Co-op, as past chair of the International Car Sharing Association, past chair of the Environment Advisory Committee for the Municipality of West Vancouver, and as a director of the Vancouver Area Cycling Association.

Over the course of his business career, Phil held senior management positions at IBM, executive leadership positions in professional service firms, and has extensive experience as a business consultant to large national service organizations. Phil retired as director of finance at Modo The Car Co-op in October 2016.

He has a Bachelor of Commerce from the University of Manitoba.



Denis Bourdeau
Ontario

Denis Bourdeau joined The Co-operators Board in April 2009. He serves on the Member & Co-operative Relations Committee and was formerly a member of the Investment Policy Committee. Previously, Denis served as a delegate to The Co-operators representing GROWMARK, Inc. from February 2008 to June 2009.

Denis has participated on several boards and has been a director on the board of GROWMARK, Inc. since 2007 and has completed their Director Certification Program. He has been a director of La Coopérative agricole d'Embrun for 27 years, holding the position of president for 14 years. He is also an elected township counselor.

Denis owns and operates a dairy and cash crop farm as well as a bed and breakfast. He received an Ontario Co-operative Association Lifetime Achievement Spirit Award in 2006 and in April of 2008 he received the Agricultural Merit Award from the Russell County Soil & Crop Association for exceptional contribution to the well-being of agriculture in the county. In 2013 Denis was awarded a Lifetime Achievement Award for service to the co-operative sector at the Conseil de la coopération de l'Ontario 50th anniversary gala.



Daniel Burns
British Columbia

Daniel Burns joined The Co-operators Board in April 2007. He is a member of the Audit Committee and also served on the recent CEO Search Committee in 2016. He was formerly the chairperson of the Sustainability and Conduct Review Committees and also served as a member of the Executive Committee. Previously, Daniel was a delegate to The Co-operators representing Central 1 Credit Union from May 2005 to April 2007.

Daniel serves as director of the Canadian Co-operative Association and is chairperson of the World Council of Credit Unions. He is also chair of Canadian Central's National Legislative Affairs Committee. Daniel is the former chairperson of Central 1 Credit Union and Credit Union Central of Canada.

Daniel is a lawyer, accountant and entrepreneur. He is the CEO of BNW Travel Management Ltd. He is a member of the Law Society of British Columbia and the Certified Management Accountants and Chartered Professional Accountants of Ontario.

Daniel is a graduate of the University of Western Ontario, receiving a Bachelor of Arts in Economics degree; University of British Columbia, Juris Doctor (Law); the University of Toronto, Master of Business Administration; and the University of St. Gallen, Switzerland, Executive Master of Business Administration. He also holds the Certified Director Designation from the Institute of Corporate Directors.



**Louis-H.
Campagna**
Québec

Louis-H. Campagna joined The Co-operators Board in April 2015 and is a member of the Sustainability & Citizenship Committee. Previously, Louis served as a delegate to The Co-operators representing The Co-operative Housing Federation of Canada from April 2013 to April 2015, where he is currently a director.

Louis has extensive involvement in the co-operative movement including serving as treasurer of the Confédération québécoise des coopératives d'habitation, president of the technical resources group of the Société d'aide et de services aux coopératives and chairman of the Cooperative d'habitation L'îlot fleuri.

Louis is a career firefighter and a lieutenant fire service instructor with Québec City's fire and fire prevention department since 2010.



**Johanne
Charbonneau**
Ontario

Johanne Charbonneau joined The Co-operators Board in April 2013 and serves as the vice-chairperson of the board. Johanne is also a member of the Risk & Compensation Committee and served on the recent CEO Search Committee in 2016. She formerly served on the Corporate Governance & Conduct Review Committee. Previously, Johanne served as a delegate to The Co-operators representing Central 1 Credit Union from May 2011 to April 2012; she was then an alternate delegate until April 2013.

Johanne is a director on The Sovereign General Insurance Company, a subsidiary of Co-operators General Insurance Company; she is also a member of the board of Alterna Savings and Credit Union and chair of the Chartered Professional Accountants of Ontario (CPAO) Council.

Johanne is a retired financial executive who now devotes her professional time to governance activities. Her career as a chief financial officer included roles with the Canada Deposit Insurance Corporation, the International Development Research Centre and most recently CBC/Radio-Canada.

Johanne has her Master of Business Administration from Queen's University and is a Chartered Professional Accountant (CPA), Certified General Accountant (CGA). In 2013 she was awarded the CPA, CGA Fellowship designation and is an accredited Chartered Director from The Director's College.



Gilles Colbert
Saskatchewan

Gilles Colbert joined The Co-operators Board in April 2015 and is a member of the Audit Committee. Previously, Gilles served as a delegate to The Co-operators representing Credit Union Central of Saskatchewan (SaskCentral) from September 2012 to April 2015.

Gilles is currently on the board of directors of SaskCentral where he chairs the Audit and Risk Committee and is a delegate for Unity Credit Union.

Gilles was in the credit union system for 30 years. He was the general manager at Unity Credit Union for 16 years prior to retirement in 2000.



Hazel Corcoran
Alberta

Hazel Corcoran joined The Co-operators Board in April 2016 and serves on the Member & Co-operative Relations Committee. Previously, Hazel served as a delegate to The Co-operators representing the Canadian Worker Co-operative Federation (CWCF) since January 2008.

Hazel is a former director on the board of Co-operatives and Mutuals Canada (CMC), where she served as vice-chair.

Hazel has been the executive director of the Canadian Worker Co-operative Federation (CWCF) since 1995. She has been admitted to the Bar of Ontario and of Alberta.

Hazel received an Honours Bachelor of Arts degree from the University of Alberta in French, Spanish and Romance Linguistics; a Master of Arts in Linguistics from the University of California, Berkeley; and a Juris Doctor (Law) from Dalhousie University.



Roger Harrop
Ontario

Roger Harrop joined The Co-operators Board in April 2012. He is a member of the Risk & Compensation Committee and formerly served on the Corporate Governance & Conduct Review Committee. Previously, he served as a delegate to The Co-operators representing Gay Lea Foods from February 2008 to April 2012.

Roger has been a board member of Gay Lea Foods since 2007 and serves on the Audit Committee. Roger is also a director for Progressive Dairy Operators.

Roger retired in 2016 from his dairy farm operation. He is presently a cash crop farmer. He also holds a diploma in agriculture.



John Harvie
New Brunswick

John Harvie joined The Co-operators Board in April 2011; he became chairperson of the board in 2014 and is a member of the Risk & Compensation Committee and was the chairperson of the recent CEO Search Committee in 2016. He is the former chairperson of the Audit Committee. Previously, John served in the capacities of alternate delegate and delegate to The Co-operators representing Co-op Atlantic from 2006 – 2009 and from January to April 2011 respectively.

John retired from Co-op Atlantic in late spring 2011 where he held the position of CEO. He finished his formal education with a Bachelor of Science degree in Agriculture from Macdonald College of McGill University.

In August 2012, John was appointed to the NS Co-operative Council Board of Directors representing The Co-operators. In June 2014 he received the Global Co-operator Award from the Co-operative Development Foundation (CDF) of Canada.



Geri Kamenz
Ontario

Geri Kamenz joined The Co-operators Board in April 2014. He is a member of the Audit Committee and former member of the Sustainability & Citizenship Committee. Previously, Geri served in the capacities of alternate delegate and delegate to The Co-operators representing the Ontario Federation of Agriculture from June 2007 to April 2014.

Geri stepped down as chairperson of the Ontario Farm Products Marketing Commission effective December 31, 2016, having served in the position for over eight years as the longest serving chairperson in the history of the Commission. Prior to that, he served as president of the Ontario Federation of Agriculture from 2006 – 2008.

Geri owns and operates a first-generation, multiple-enterprise farm business. Geri was formally educated as an Aviation Engineering Technologist and pilot, having served in the Canadian Armed Forces and in commercial flying before pursuing a career in agriculture.



Réjean Laflamme
Québec

Réjean Laflamme joined The Co-operators Board in April 2010 and is currently the chairperson of the Corporate Governance & Conduct Review Committee. He is also a member of the Community Economic Development Funds Board and its investment subcommittee. He previously served as a member of the Investment Policy Committee. Prior to joining The Co-operators Board, Réjean served as a delegate to The Co-operators representing the Fédération des coopératives funéraires du Québec from May 2007 to April 2010.

Réjean's involvement in the co-operative movement includes: serving as chairman of the Coopérative funéraire Brunet and treasurer of the Fédération des coopératives funéraires du Québec.

An economist by profession, Réjean is a consultant for Tango RJ Consultant Inc. In May 2011, on a contract basis with his consulting firm, he was named interim executive director of the Conseil canadien de la coopération et de la mutualité (CCCM).

Réjean has a Bachelor of Arts in Economics with a co-operative specialization and a Master of Arts in Economics from Université de Sherbrooke.



Denis Laverdière
New Brunswick

Denis Laverdière joined The Co-operators Board in November 2008 and serves on the Member & Co-operative Relations Committee, having formerly been a member of the Audit Committee. Previously, Denis served as a delegate to The Co-operators representing UNI coopération financière (formerly La Fédération des caisses populaires acadiennes limitée) from May 2002 to October 2008.

Denis is also chairperson of the board of Acadia General Insurance.

Denis is presently the executive vice-president of distribution at UNI coopération financière, working to support and encourage profitable business growth of the caisses populaires. Denis has been employed with UNI coopération financière since 1987.

Denis holds a Bachelor's Degree in Administrative Sciences from Université Laval, as well as the Chartered Professional Accountant, Certified General Accountant designation.



Jim Laverick
Alberta

Jim Laverick joined The Co-operators Board in April 2011. He is a member of the Audit Committee and also served on the recent CEO Search Committee in 2016. He formerly served as a member of the Risk & Compensation, Executive and Investment Policy committees. Previously, Jim served as a delegate to The Co-operators representing United Farmers of Alberta (UFA) Co-operative Limited from May 2008 to April 2011.

Jim is on the board of Addenda Capital Inc., a subsidiary of The Co-operators. Jim has been a member of the UFA Board of Directors since 2008 and was chairperson from 2010 – 2014. He has also served as a director of the Canadian Co-operative Association along with several other co-operative boards.

Jim joined The Co-operators in 1970 and over a 38-year career held a variety of positions of increasing responsibility, retiring in June 2007 as vice-president, Western Region. Jim holds a Chartered Life Underwriter designation.



Michael Mac Isaac
Nova Scotia

Michael Mac Isaac joined The Co-operators Board in April 2014 and is a member of the Corporate Governance & Conduct Review Committee. Previously, he served in the capacities of alternate delegate and delegate to The Co-operators representing Atlantic Central from March 2010 to April 2014.

Michael is a director of Atlantic Central and was a director of Credit Union Central of Nova Scotia prior to the Atlantic Central amalgamation in 2007. He also previously served as a director to East Coast Credit Union for over 20 years.

Michael is a retired health care manager and respected community advocate where he has been involved in some aspect of the co-operative movement for most of his life. He is also a graduate of the Credit Union Director Achievement Program.



Emmet McGrath
British Columbia

Emmet McGrath joined The Co-operators Board in April 2013. He is the chairperson of the Audit Committee and also served on the recent CEO Search Committee in 2016. Previously, he served in the capacities of alternate delegate and delegate to The Co-operators representing Central 1 Credit Union from May 2011 to April 2013.

Emmet is currently a member of the board of Westminster Savings Credit Union and chairperson of their Risk and Audit Committee. He is also on the board of Central 1 Credit Union and is a member of the Audit and Finance Committee and chair of the Risk Review and Investment & Loan Committee. Emmet is a director of UEX Corporation where he is chair of the Audit Committee.

Emmet is a Chartered Professional Accountant, Chartered Accountant; he has completed the Certified Director Designation from the Institute of Corporate Directors and the Credit Union Director Achievement Program.

Emmet held a career in public accounting for over 30 years and was a partner at KPMG for over 20 years; his most recent position was chief financial officer at Lincoln Mining Corporation.



Bob Petryk
Alberta

Bob Petryk joined The Co-operators Board in April 2016 and is a member of the Risk & Compensation Committee. Previously, Bob served as a delegate to The Co-operators representing Credit Union Central of Alberta since April 2013 and was the regional chair.

Bob is on the board of Credit Union Central of Alberta and serves as second vice-chair. He is also a director of First Calgary Financial Credit Union Limited.

Bob has Commerce and Law degrees from the University of Calgary and a Master of Business Administration from the University of Western Ontario. He is currently enrolled in the Certified Director Designation from the Institute of Corporate Directors and has completed several courses through the Credit Union Director Achievement Program.

Bob is the Managing Director of Petwin Bancorp Inc. where he has served for over 15 years.



Collette Robertson
Saskatchewan

Collette Robertson joined The Co-operators Board in April 2014 and is a member of the Corporate Governance & Conduct Review Committee and chairperson of the Community Economic Development Funds Board. Previously, she served as a delegate to The Co-operators representing the Regina Community Clinic from June 2009 to April 2014.

Collette is currently a director of the Gabriel Dumont Institute of Native Studies and Applied Research and is The Co-operators representative on the Saskatchewan Co-operative Association.

For more than 25 years, Collette served in a number of capacities with the Provincial Government of Saskatchewan in the areas of Advanced Education, Economic Development, and First Nations and Métis Affairs.



Dave Sitaram
Ontario

Dave Sitaram joined The Co-operators Board in April 2007 and is a member of the Corporate Governance & Conduct Review Committee. He is also a member of the Community Economic Development Funds Board and its investment subcommittee. He is a former member of the Sustainability & Citizenship Committee and former chairperson of the Corporate Governance Committee. Previously, Dave served as a delegate to The Co-operators representing Credit Union Central of Ontario from October 2004 to May 2006.

Dave served on the board of the Ontario Co-operative Association until June 2016 and is a former director of the Credit Union Central of Ontario, where he was vice-chair and a member of the Audit and Conduct Review Committee. He served on the board of the Canadian Co-operative Association for nine years, of which he was president for five. Dave was Canada's representative on the International Co-operative Alliance America's board from 2005 to 2010. Dave has completed the Credit Union Director Achievement Program.

In 2013 the Ontario Co-operative Association presented Dave with a Long-term Service Award which is given to those who have achieved 25 or more years of volunteer service to one or more Ontario credit unions.



Jocelyn VanKoughnet
Manitoba

Jocelyn VanKoughnet joined The Co-operators Board in April 2014 and is a member of the Sustainability & Citizenship Committee. Previously, Jocelyn served as a delegate representing Federated Co-operatives Limited (FCL) from November 2012 to April 2014.

Jocelyn was elected to the board of directors of FCL in 2012 and is chair of the Human Resources Committee. She previously served as chair of the Social Responsibility Committee; a member of the Governance Committee; and as the Winnipeg region chair. Since 2015 she has been the president of the Manitoba Co-operative Association.

Jocelyn obtained a degree in Human Ecology from the University of Manitoba. She was previously a partner and manager of a general insurance brokerage, and is presently a partner in a family-operated grain business.



Jack Wilkinson
Ontario

Jack Wilkinson joined The Co-operators Board in April 2007. He serves as chairperson of both the Member & Co-operative Relations and Resolutions committees, and was a member of the recent CEO Search Committee in 2016. During his tenure on the Board, Jack has been a member of the Sustainability and Executive committees, and was chairperson of the Democratic Structure Review¹ Committee. Previously, Jack served as a delegate to The Co-operators representing the Ontario Federation of Agriculture (OFA) from May 2002 to April 2007.

Jack serves as chair of the Nipissing-Sudbury Co-op and is also The Co-operators representative to the Co-operatives and Mutuals Canada (CMC) Board, where he was formerly the chair. Jack served as president of OFA from 1999 – 2001 and was previously president of both the International Federation of Agriculture Producers and the Canadian Federation of Agriculture.

Jack is a retired Captain from the Canadian Armed Forces and the recipient of an Honours Doctorate of Laws from the University of Guelph. He is currently self-employed as a grain and oilseed producer on his family farm.



Alexandra Wilson
Ontario

Alexandra Wilson joined The Co-operators Board in 2000. She is the chairperson of the Risk & Compensation Committee and served on the recent CEO Search Committee in 2016. Alexandra is formerly a member of the Democratic Structure Review¹ and Executive committees; chairperson of the Sustainability and Audit committees; and vice-chair of the board. Previously, she served as delegate to The Co-operators representing Co-operative Housing Federation of Canada for 11 years.

Alexandra also serves as director on the board of The CUMIS Group Limited, a subsidiary of The Co-operators, and is a member of the Board of Directors of the Funeral Co-operative of Ottawa. She is a long-time member of Alterna Savings Credit Union, where she chaired the Credit Committee from 2000 to 2007. From 2002 to 2010, she served as a director for Citizens Bank of Canada and Citizens Trust Company, chairing the Audit Committee and participating in the Corporate Governance and Executive Compensation, Conduct Review, and Credit committees.

After 15 years as executive director of the Co-operative Housing Federation of Canada, Alexandra led the start-up of The Agency for Co-operative Housing. She has served as the Agency's CEO since 2005.

Alexandra holds a Distinguished Co-operator Award from the Ontario Co-operative Association and was named an Honorary Life Associate of the Co-operative Housing Federation of Canada in 2008. In December 2012, Alexandra received the Queen Elizabeth II Diamond Jubilee Medal.

1. **Democratic Structure Review Committee** - to ensure the current and emerging needs of The Co-operators and our members are met, The Co-operators conducts a review of our democratic structure at least every 10 years.

Employee relations

ENGAGEMENT SCORES

	2016	2015	2014
Aggregate (The Co-operators group of companies)	81%	80%	78%
The Co-operators ¹	81%	80%	
Best Employers Score – Platinum Level (according to Aon)	80%		
Addenda Capital	83%	77%	75%
Best Small & Medium Employers Score – Platinum Level (according to Aon)	86%		
The Sovereign General	80%	76%	79%
Best Small & Medium Employers Score – Gold Level (according to Aon)	78%		

1. Since 2015 The Co-operators Group Limited, Co-operators General, HB Group, Co-operators Life and CUMIS have reported a consolidated score versus individual company scores.

AVERAGE AGE OF WORKFORCE BY COMPANY

Company	Average Age
Addenda Capital	44
Co-operators General	42
The Co-operators Group Limited	45
Co-operators Life	43
CUMIS	45
HB Group	38
The Sovereign General	45
All Companies	42

WORKFORCE¹ BY PROVINCE² AND GENDER

Province	Men	Women
Alberta	194	451
British Columbia	105	151
Manitoba	22	31
New Brunswick	93	319
Newfoundland and Labrador	15	47
Northwest Territories	1	4
Nova Scotia	15	42
Ontario	1,116	1,950
Prince Edward Island	2	7
Quebec	184	236
Saskatchewan	204	501

1. Includes full-time and part-time permanent and temporary employees.

2. Includes employees from Premier group of companies and The Edge Benefits Inc., which we acquired in 2015. Premier also has three male employees and 13 female employees in California and one male employee and five female employees in Washington.

WOMEN IN MANAGEMENT

	2016			2015			2014		
	Executive	Manager	Supervisor	Executive	Manager	Supervisor	Executive	Manager	Supervisor
Addenda Capital	8%	38%	56%	0%	33%	67%	0%	38%	60%
Co-operators General	31%	61%	73%	28%	61%	76%	28%	60%	72%
The Co-operators Group Limited	29%	46%	33%	28%	48%	33%	30%	44%	64%
Co-operators Life	20%	61%	100%	25%	63%	100%	25%	65%	100%
CUMIS	25%	53%	100%	17%	50%	50%	17%	48%	50%
HB Group	0%	47%	76%	0%	52%	81%	0%	61%	74%
The Sovereign General	25%	34%	46%	25%	35%	58%	20%	34%	58%

EMPLOYEE GENDER, AGE AND MINORITY STATUS

		Senior Management	Middle Management	Supervisor	All Other Employees
Gender	Men	76%	49%	29%	33%
	Women	24%	51%	71%	67%
Age	<30	0.00%	1.00%	2.81%	17.73%
		Men: 0.00% Women: 0.00%	Men: 0.67% Women: 0.33%	Men: 1.12% Women: 1.69%	Men: 7.31% Women: 10.42%
	30-50	29.17%	60.03%	70.79%	58.39%
		Men: 25.00% Women: 4.17%	Men: 30.01% Women: 30.02%	Men: 26.40% Women: 44.38%	Men: 19.29% Women: 39.11%
	>50	70.83%	38.97%	26.40%	23.87%
		Men: 51.39% Women: 19.44%	Men: 17.91% Women: 21.06%	Men: 1.69% Women: 24.72%	Men: 5.91% Women: 17.96%
Belong to a minority	Overall	7.32%	6.22%	9.95%	12.77%
	Gender	Men: 4.88% Women: 2.44%	Men: 3.32% Women: 2.90%	Men: 4.98% Women: 4.98%	Men: 6.05% Women: 6.72%

EMPLOYEE TURNOVER

Province	Age Group	Men		Women	
		#	%	#	%
AB	<30	3	0.06%	9	0.19%
	30-50	4	0.08%	12	0.25%
	>50	3	0.06%	5	0.10%
	Total	10	0.21%	26	0.54%
BC	<30	1	0.02%	0	0.00%
	30-50	3	0.06%	4	0.08%
	>50	2	0.04%	5	0.10%
	Total	6	0.13%	9	0.19%
MB	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
NB	<30	7	0.15%	9	0.19%
	30-50	6	0.13%	18	0.38%
	>50	1	0.02%	0	0.00%
	Total	14	0.29%	27	0.57%
NL	<30	0	0.00%	1	0.02%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	1	0.02%
NS	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
ON	<30	11	0.23%	13	0.27%
	30-50	28	0.59%	33	0.69%
	>50	8	0.17%	6	0.13%
	Total	47	0.98%	52	1.09%
PE	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
QC	<30	3	0.06%	6	0.13%
	30-50	11	0.23%	12	0.25%
	>50	1	0.02%	1	0.02%
	Total	15	0.31%	19	0.40%
SK	<30	3	0.06%	0	0.00%
	30-50	4	0.08%	12	0.25%
	>50	1	0.02%	3	0.06%
	Total	8	0.17%	15	0.31%
Total		100	2.09%	149	3.12%

NEW HIRES

Province	Age Group	Men		Women	
		#	%	#	%
AB	<30	9	0.19%	15	0.31%
	30-50	12	0.25%	18	0.38%
	>50	4	0.08%	1	0.02%
	Total	25	0.52%	34	0.71%
BC	<30	1	0.02%	1	0.02%
	30-50	4	0.08%	1	0.02%
	>50	2	0.04%	1	0.02%
	Total	7	0.15%	3	0.06%
MB	<30	0	0.00%	0	0.00%
	30-50	1	0.02%	2	0.04%
	>50	0	0.00%	0	0.00%
	Total	1	0.02%	2	0.04%
NB	<30	16	0.33%	22	0.46%
	30-50	17	0.36%	40	0.84%
	>50	1	0.02%	3	0.06%
	Total	34	0.71%	65	1.36%
NL	<30	2	0.04%	3	0.06%
	30-50	1	0.02%	3	0.06%
	>50	0	0.00%	0	0.00%
	Total	3	0.06%	6	0.12%
NS	<30	0	0.00%	0	0.00%
	30-50	1	0.02%	2	0.04%
	>50	1	0.02%	0	0.00%
	Total	2	0.04%	2	0.04%
ON	<30	65	1.36%	88	1.83%
	30-50	58	1.21%	67	1.40%
	>50	5	0.10%	11	0.23%
	Total	128	2.68%	166	3.47%
PE	<30	0	0.00%	0	0.00%
	30-50	0	0.00%	0	0.00%
	>50	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%
QC	<30	16	0.33%	8	0.17%
	30-50	25	0.52%	27	0.57%
	>50	1	0.02%	5	0.10%
	Total	42	0.88%	40	0.84%
SK	<30	11	0.23%	12	0.25%
	30-50	4	0.08%	22	0.46%
	>50	1	0.02%	2	0.04%
	Total	16	0.33%	36	0.75%
Total		258	5.40%	354	7.41%

PERMANENT AND TEMPORARY WORKFORCE

Company			Men	Women	Total
Addenda Capital	Permanent	Full-time	64	49	118
		Part-time	0	5	
	Temporary	Full-time	1	2	4
		Part-time	1	0	
Co-operators General	Permanent	Full-time	716	1,557	2,319
		Part-time	4	42	
	Temporary	Full-time	148	406	618
		Part-time	22	42	
The Co-operators Group Limited	Permanent	Full-time	395	346	755
		Part-time	2	12	
	Temporary	Full-time	14	12	36
		Part-time	7	3	
Co-operators Life	Permanent	Full-time	98	366	486
		Part-time	0	22	
	Temporary	Full-time	5	17	27
		Part-time	2	3	
CUMIS	Permanent	Full-time	97	181	286
		Part-time	0	8	
	Temporary	Full-time	2	6	10
		Part-time	0	2	
HB Group	Permanent	Full-time	199	346	552
		Part-time	0	7	
	Temporary	Full-time	3	4	11
		Part-time	2	2	
The Sovereign General	Permanent	Full-time	100	153	262
		Part-time	1	8	
	Temporary	Full-time	3	6	12
		Part-time	2	1	
Premier group of companies	Permanent	Full-time	45	76	132
		Part-time	2	9	
	Temporary	Full-time	0	0	0
		Part-time	0	0	
The Edge Benefits	Permanent	Full-time	19	63	82
		Part-time	0	0	
	Temporary	Full-time	1	1	2
		Part-time	0	0	
All Companies	Permanent	Full-time	1,733	3,137	
		Part-time	9	113	
	Temporary	Full-time	177	454	
		Part-time	36	53	
		Total	1,955	3,757	
Total Permanent Full-time and Part-time Employees					4,992
Total Temporary Full-time and Part-time Employees					720

SUMMARY OF BENEFITS

Benefits	<i>Accenda Capital</i>	<i>Co-operators General</i>	<i>The Co-operators Group Limited</i>	<i>Co-operators Life</i>	<i>HB Group</i>	<i>The Sovereign General</i>	<i>CUMIS</i>
Flex time	x	x	x	x	x	x	x
Paid personal days	x	x	x	x	x	x	x
Job sharing		x	x	x	x		x
Flexible work options (i.e., from home, remotely, etc.)		x	x	x	x	x	x
Scholarships	x	x	x	x	x		x
Health club on-site/negotiated health club rates	x	x	x	x	x	x	x
Phased retirement		x	x	x	x		x
Relocation programs		x	x	x	x		x
Long-time service awards	x	x	x	x	x	x	x
Company share-purchase program	x	x	x	x	x	x	x
Employee discounts on insurance	x	x	x	x	x	x	x
Public transit discount		x ¹	x ¹	x ²			
Employee Assistance Program	x	x	x	x	x	x	x
Pension Plan ³	x	x	x	x	x	x	x
Disability Benefits ⁴	x	x	x	x	x	x	x
Pregnancy leave top-up program ⁴	x	x	x	x	x	x	x

1. Applies only to employees in the Guelph locations.

2. Applies only to employees in the Regina locations.

3. A defined contribution plan. Two contribution schedules are available: employee 5 per cent and employer 6.5 per cent, or employee 6 per cent and employer 7.5 per cent. Available to temporary employees who meet eligibility requirements. A defined benefits plan applies to 167 employees at CUMIS (available to employees hired prior to 2008), representing 4 per cent of our total workforce.

4. Not available to temporary employees.

EMPLOYEE ASSISTANCE PROGRAM USAGE¹

2016	14%
2015	17%
2014	21%

1. Generally, participation rates over 7 per cent are considered successful programs, and over 10-12 per cent are very successful.

The Co-operators Management Group: Profiles



Robert Wesseling, President and Chief Executive Officer (Effective December 1, 2016)
Formerly, Executive Vice-President, P&C Operations, The Co-operators General Insurance Company, and Chief Operating Officer, The Sovereign General Insurance Company

Since joining The Co-operators in 1997 as a Programmer Analyst, Robert has held increasingly senior leadership roles within the group of companies, culminating with his appointment as president and chief executive officer of The Co-operators Group Limited on December 1, 2016. From 2007 until 2016, he was chief operating officer of The Sovereign General and, in November 2011, assumed the additional role of executive vice-president, National Property & Casualty (P&C) for all P&C operations across The Co-operators group of companies.

Robert has been instrumental in leading flood resiliency efforts in Canada and engaging all levels of government, the academic community and various industries, to develop a complete solution for Canadians. He is an acting member of the International Co-operative and Mutual Insurance Federation (ICMIF) Board of Directors and Executive Committee; member of the ICMIF's Development Committee; and, founding director and member of Partners for Action Advisory Board. He holds a BA with distinction in Theoretical Mathematics and MSc. of Applied Statistics from the University of Guelph where he graduated in 1996. He obtained a Chartered Insurance Professional designation in 1999.

Robert lives with his family in Guelph, Ontario and is an active volunteer in the local community, coaching youth sport and mentoring young athletes.



Kathy Bardswick, President and Chief Executive Officer (Retired November 30, 2016)

Since joining The Co-operators in 1978, Kathy has held progressively senior roles within The Co-operators group of companies, culminating with her appointment as president and chief executive officer of The Co-operators Group Limited on March 1, 2002. From 1998 to 2002, she served as chief operating officer of two subsidiaries, The Sovereign General and L'Union Canadienne.

Under Kathy's leadership, The Co-operators has prospered and grown, and is recognized today as a leader in the Canadian insurance industry as well as the co-operative sector. She has led a transformation of the organization as it adopted more sustainable business practices over the past several years. The accomplishments have earned a number of honours for The Co-operators in recent years. It is listed among Aon's 50 Best Employers in Canada; Corporate Knights' Best 50 Corporate Citizens in Canada; the Top 50 Socially Responsible Corporations by Maclean's and Sustainalytics; and in 2013 was ranked number one on Corporate Knights' Most Sustainable Co-operatives in the World list. Kathy was named one of the 2014 Top 25 Women of Influence by Women of Influence Inc.

Kathy is a member of the Canadian Council of Chief Executives and serves as chairperson of the Institute for Catastrophic Loss Reduction. A leading advocate for the co-operative sector, Kathy is a member of the board of the International Co-operative Alliance (ICA), is a past chair of the International Co-operative and Mutual Insurance Federation, and currently serves as a member of its executive. She has provided leadership to The Conference Board of Canada as a member of the Board and the Executive Committee, and served as vice-chair of the University of Guelph's Board of Governors.

A graduate of McMaster University's MBA program, Kathy also holds a Bachelor of Science degree in Mathematics from the University of Manitoba.



Roger Beauchemin, President and Chief Executive Officer, Addenda Capital Inc.

As president and chief executive officer, Roger is responsible for the development and deployment of Addenda Capital's business strategy and operations.

Roger joined the Addenda Capital team as chief operating officer and chief financial officer in 2013, before being appointed president and chief operating officer in 2015. He previously worked at McLean Budden Limited (1999 to 2011), holding several senior management positions before being appointed president in 2006 and chief executive officer in 2008.

Roger is a member of the Young Presidents' Organization, a Trustee of the Douglas University Institute for Mental Health Foundation and a director of the Cedars Cancer Foundation. He holds a Bachelor's degree in Economics from McGill University and holds the Chartered Financial Analyst® designation.



Kevin Daniel, Executive Vice-President and Chief Operating Officer, Co-operators Life Insurance Company and President and Chief Operating Officer, The CUMIS Group Limited

Kevin's appointment as chief operating officer of Co-operators Life Insurance Company in 2007 was the culmination of years of experience within the group of companies. Most recently, Kevin served as the chief financial officer for The Co-operators Group Limited, where he oversaw the financial affairs of the group of companies, including Co-operators Life Insurance Company, during a period of record profits and strong revenue growth.

Kevin has been on the board of directors for a number of companies in The Co-operators Group Limited, including COSECO, HB Group, Federated Agencies and The Sovereign General Insurance Company. Kevin is also on the board of directors for Connecting People for Health Co-operative Ltd. Kevin recently joined the board of directors for the Canadian Life and Health Insurance Association (CLHIA).

Kevin is a Certified General Accountant and a graduate of the University of Guelph with a double major BA in Business and Economics.



Bob Hague, Executive Vice-President, President Credit Union Distribution, The CUMIS Group Limited

Bob joined The CUMIS Group Limited (CUMIS) in 2010 as president credit union distribution. Bob oversees the organization's distribution strategies to and through the Canadian credit union system, while leveraging the multi-channel distribution capabilities of The Co-operators group of companies.

Prior to this role, Bob held the role of senior vice-president and chief member services officer for Meridian Credit Union and vice-president of service and sales for Niagara Credit Union. He also spent 20 years with BMO Financial Group in a variety of senior roles.

Bob has an MBA in Financial Services from Dalhousie University and a Bachelor's degree in Economics from McMaster University. He holds his Fellow, Institute of Canadian Bankers designation and has completed the Partners, Directors and Senior Officers course and the Canadian Securities course through the Canadian Securities Institute.

Bob is a longstanding member of the Canadian co-operative financial community, and he currently serves on the Concentra Financial Board of Directors.



Paul Hanna, Executive Vice-President, Member Relations, Governance and Corporate Services

Paul was appointed executive vice-president, member relations, governance and corporate services for The Co-operators in March 2015. Paul works with our member organizations to build strong business and governance relationships. He is responsible for organizational governance with The Co-operators Group Limited Board of Directors and its committees. He also provides leadership to other corporate functions including government relations, human resources, legal, and sustainability and citizenship. Prior to his current role, Paul spent many years as vice-president of strategic planning with The Co-operators.

Paul has 25 years of co-operative experience working in various operational and governance capacities. He currently sits on the boards of ICMIF/Americas, Co-operative Management Education Co-operative and Guelph General Hospital, and he serves on the University of Guelph's Advisory Committee to the College of Business and Economics, as well as The Co-operators Community Economic Development Funds Board.

Paul holds a Bachelor's degree from the University of Western Ontario, a Masters in Adult Education from Central Michigan University and he is a Chartered Insurance Professional.



Rick McCombie, Executive Vice-President, Chief Client Officer

As executive vice-president and chief client officer, Rick is responsible for leading the client engagement, claims, distribution and service strategies across The Co-operators group of companies. Rick believes, "it's our company values, community involvement and our people that make this company a place where you can be proud to work."

Rick started with Co-operators General in 1976 as an office trainee in Owen Sound. Since then, he has held various positions including accounting supervisor and Atlantic division controller. He was also region vice-president for New Brunswick and Prince Edward Island, Southwestern Ontario, as well as Central Ontario.

Throughout his career, Rick has obtained his Chartered Management Accountant, Chartered Insurance Professional and LIMRA Leadership Insurance Foundation designations. One of Rick's career highlights includes 10 years of profitable growth in the Southwestern Ontario Region while under his leadership. He was also the project leader of Co-op Auto Coalition in the early 1990s.

An active member in the community, Rick admires and is influenced by Mother Teresa, who he feels "put the lives of others before her own." Rick lives these values. He is currently cabinet chair of the Guelph/Wellington United Way and on the Board of the Centre for Services Leadership out of Arizona State University. In the past, he served as volunteer chair for both the London/Middlesex and Guelph/Wellington United Way chapters.



Carol Poulsen, Executive Vice-President and Chief Information Officer

Carol joined The Co-operators Group Limited in October 2011. She comes to The Co-operators with a diverse background including experience in insurance and banking, technology and business, as well as vendor experience including IT delivery, consulting, large account management and sales.

Most recently Carol was senior vice-president group architecture, applied innovation and solution delivery services for RBC globally. Prior to that she spent eight years at TD Bank Financial Group providing the application development, architecture and large program management supporting the retail, commercial, wealth and insurance business areas.

During her tenure at Teleglobe Insurance Systems/CGI, Carol held a variety of positions including vice-president, architecture and insurance company systems; vice-president, brokerage systems; vice-president consulting, large account management and sales.

She began her career at Allstate Canada holding a number of management positions in the insurance operations area.

Carol was selected in 2009 as one of Computerworld's Premier IT 100 Leaders globally.

She has a passion for diversity in the workplace and has been active in many aspects, from ensuring accessibility for persons with disabilities, to speaking with young women about leadership. She has also been very involved with Sheena's Place and the Learning Disabilities Association of Ontario.

Carol received her Honours Bachelor of Arts degree from York University and her Computer Programming Diploma from Seneca College. She has also attended a number of Business Administration Programs at Ivey Business School.



P. Bruce West, Executive Vice-President, Finance and Chief Financial Officer

Bruce joined The Co-operators Group Limited in June 2007 as executive vice-president, finance and chief financial officer (CFO). He is responsible for the financial management, strategic planning, and corporate development for the group of companies. He brings over 25 years of progressive financial and managerial experience in operations, corporate development, and financial management to this role.

When Sun Life Financial acquired Clarica in 2002, Bruce was selected as vice-president and CFO for Sun Life's Canadian business. He played a key role in the integration of the two companies.

Bruce's educational accomplishments include a Bachelor of Mathematics from the University of Waterloo (1980), Chartered Accountant designation (1981), FLMI designation (1985), and a MBA with a concentration in marketing from Wilfrid Laurier University (2005). In 2009, Bruce obtained the Chartered Director (C.Dir.) designation from The Directors College, a joint venture of McMaster University and The Conference Board of Canada. He is a member of the Financial Executives Institute of Canada.

Bruce sits on the boards of directors for a number of companies within The Co-operators Group Limited. He also sits on the Dean's Advisory Council at the Lazaridis School of Business and Economics at Wilfrid Laurier University, and is an Honouree of the School of Accounting and Finance at the University of Waterloo.

The Co-operators Sustainability Policy

The Co-operators recognizes that our business, our communities and the global economy exist within the closed system of the Earth, which provides irreplaceable resources and support for all forms of life. We recognize that the capacity of the Earth to continue to provide these resources and supports is threatened by the degradation of natural and social systems. We also believe that there is a socio-economic foundation below which no human should be allowed to fall — be it into poverty or isolation.

To us, sustainability is a future state where individuals, communities and the economy thrive within the cycles of nature and a healthy society. Acting on sustainability is about taking care of tomorrow, today. Doing so aligns naturally with co-operative values.

As a co-operative, an insurer, employer, investor, and a community partner, The Co-operators believes that we can and must lead the way in ensuring a sustainable future. Our staff and financial advisors are catalysts in advancing sustainability at work, at home and in the community. Our co-operative identity creates unique opportunities for them to demonstrate such leadership.

The most important way we can advance sustainability is by meeting the needs of our clients. We must help them prevent, mitigate and adapt to new risks and seize new opportunities that arise from sustainability challenges. Meeting their emerging and unmet needs is fundamental to our co-operative purpose and enables our clients to contribute to a sustainable future. It also ensures we have the financial strength to continue meeting their needs in the future.

Working together, we are committed to minimizing any negative effects that our activities could have on the environment and society at large and, further, to performing a restorative function through innovation in business practices, product development, public engagement and partnerships with our stakeholders. We are committed to catalyzing collaboration for sustainability, which is required to address systemic challenges. We are committed to the ongoing pursuit of alignment of our business with these four sustainability principles:

- > In a sustainable society, nature is not subject to systematically increasing concentrations of substances extracted from the Earth's crust.
- > In a sustainable society, nature is not subject to systematically increasing concentrations of substances produced by society.
- > In a sustainable society, nature is not subject to systematically increasing degradation by physical means.
- > People are not subject to conditions that systematically undermine their capacity to meet their needs.

Step by step, The Co-operators will strive to align everything we do with these fundamental sustainability principles in ways that advance the financial security of Canadians and their communities.

The Co-operators long-term sustainability goals to 2020

Our long-term sustainability goals express how The Co-operators believes we will become a catalyst for a sustainable society, demonstrate our commitment to bringing the co-operative principles to life, and guide how we embed sustainability into our governance, operations, products and relationships.

Our clients & members

We enable and encourage our clients and members to contribute to a sustainable future through our products, services and all interactions.

To us, this means that:

- a) Our clients and members recognize us as the sustainable choice for insurance and financial services and consider it an important part of our value proposition. Sustainability is woven into the experience of all clients.
- b) Our loss prevention initiatives and business practices reflect our commitment to sustainability.

Our people

Our dynamic, progressive workplace attracts and develops personal champions of sustainability.

To us, this means that:

- a) Our staff, financial advisors and financial advisors' staff champion sustainability.
- b) Our sustainability commitment helps make us an employer of choice.
- c) We encourage and support diversity in our workforce, our Agencies and in our governance bodies.

Our governance & operations

We model responsible, accountable and transparent governance. Our operations help foster a more sustainable society and economy and are a source of pride for our people. Others seek to follow our example.

To us, this means that:

- a) We have aggressively reduced our greenhouse gas emissions.
- b) Our operations demonstrate our commitment to sustainability.
- c) We are recognized leaders in sustainability governance.

Our investments

We are responsible investors and leverage our assets to contribute to a more sustainable future.

To us, this means that:

- a) The Co-operators assets are invested in ways that advance sustainability.
- b) The Co-operators engages companies in which it invests in policies and practices that advance sustainability.
- c) We offer and promote our sustainable investment options to clients.

Our public voice

We are strong and effective public advocates for sustainability and inspire others to take action.

To us, this means that:

- a) We collaborate with our partners to influence public opinion and public policy on sustainable development, climate change and safe and healthy lifestyles.

Our relationships

We are advancing sustainability through a systems-based approach, collaborating with industry partners, the co-operative sector, suppliers, communities, governments and non-governmental organizations.

To us, this means that:

- a) Through our strategic, results-oriented partnerships and insurance industry and co-operative sector collaborations, we have advanced sustainability, particularly related to climate change.
- b) Our community investment program has helped to build resilient, sustainable Canadian communities.

Sustainability-related insurance and wealth products and services

Our sustainability-focused product and service offerings include the following:

Socially responsible/sustainable investments: We provide a range of socially responsible investment options for clients who seek to invest their funds in ways that achieve both competitive financial returns and generate social returns. Social criteria upon which companies are evaluated include excellence in environmental management, positive labour practices, human rights, and the avoidance of tobacco, weapons, alcohol or nuclear power as major sources of revenue. We also provide a range of sustainable investing options that integrate consideration of environmental, social and governance (“ESG”) matters into investment and stewardship activities with the objective of enhancing long-term investment performance.

Solutions for the non-profit and co-operative sectors: As a co-operative itself, The Co-operators understands the unique insurance needs of co-operative organizations in Canada. This is why we’ve developed Co-op Guard® — to provide co-operative sector-specific products and services that are customizable to suit each co-operative’s unique insurance needs. We also recognize and respect the unique challenges facing the voluntary non-profit sector in Canada. Our Community Guard® insurance program provides sector-specific insurance coverage focused on affordability, accessibility, insurability and customization, and promises rate stability to assist with the planning and budgeting process. Both programs are marketed through specially trained financial advisors who know these sectors and are committed to them.

Green policy endorsements: Our Enviroguard® home policy endorsements allow clients to consider more environmentally friendly building and energy options. For an additional premium, this endorsement gives clients an additional amount to restore with environmentally responsible options. Enviroguard® is included in our Prestige Plus (high value home) product.

Green policy discount: Our Envirowise® discount offers a 10 per cent savings for eligible Leadership in Energy and Environmental Design (LEED) certified dwellings.

Hybrid and electric vehicle discount: To reward more sustainable vehicle choices, clients in Ontario, Quebec, Newfoundland/Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Alberta, Saskatchewan, Yukon and Northwest Territories who drive hybrids are eligible for an automatic 5 per cent discount on their auto insurance premium. This discount has been extended to include electric vehicles in select provinces, and is in the process of being extended to all provinces.

Telematics: The en-route Auto Program™ is a usage-based insurance program that uses telematics technology to collect information about driving behaviour, including braking and acceleration; distance travelled; travel time; and environmental impact. Drivers automatically receive a 5 per cent discount for signing up, which can grow to as much as 25 per cent based on driving results. Currently available in Ontario only.

Offering solutions for the wind energy industry: The Sovereign General’s Windsurance® product has been tailored for the small to mid-size wind energy industry. From site preparation through grid hook up and beyond, our product provides comprehensive and continuous coverage. There is no longer the need to seek markets for construction coverage, operations or the production phase.

Fire Sprinkler Discount: Fire sprinklers can limit property damage and save lives. They are also less harmful to the environment because they reduce fire damage by up to 97 per cent and water damage by up to 90 per cent. Clients of Co-operators General Insurance Company whose homes are protected by automatic fire sprinkler systems may be eligible for a discount of 10 per cent. Clients who also have heat detectors and water sensors may be eligible for additional discounts.

Complete, all-in-one water coverage: Until 2015, Canada was the only G7 nation without home insurance for overland flood damage. Our new Comprehensive Water coverage provides just that. It takes the worry out of where the water came from, or how it got into your home, and provides financial protection from virtually every type of sudden and accidental water damage, such as: sewer, sump or septic backup; flood caused by an overflow of a creek, river or lake; accumulation of water from heavy rainfall and extreme storms.

Community Investment Vision

The Co-operators seeks to strengthen communities through a focused Community Investment Vision (CI Vision). The CI Vision highlights our co-operative roots and values and aligns with our core mission — “financial security for Canadians and their communities”.

The CI Vision outlines three focus areas to achieve impact in the community and leverages other opportunities in The Co-operators group of companies to increase that impact in a more integrated approach. The concept of our ‘Social Signature’ permeates how we look at community investment, considering the overall impact of our actions and influence.

These three areas build on the current strengths of The Co-operators as a national investor in communities, a well-respected and innovative leader, and a co-operative provider of financial security products and services.

Environmental sustainability – protecting our communities: As a co-operative insurance provider, we know the degradation of our natural environment is a serious problem that impacts our health, our homes, our businesses and our communities. We are committed to working with our stakeholders to find solutions to these issues, to decrease our negative impact and support the creation of more resilient communities for generations to come.

Economic sustainability – building a co-operative economy: As a co-operative, we understand that values-based organizations have an important role in creating a just and sustainable economy. We are committed to supporting the growth of co-operatives, social enterprises and strengthening the charitable non-profit sector in order to build a community-focused, values-based economy that will contribute to a more inclusive and resilient society.

Social sustainability – creating a resilient, safe, and healthy future: As a co-operative insurance provider, we seek that all individuals in our communities have the opportunity to lead healthy, safe and secure lives. We are committed to helping individuals protect their assets through financial planning and to supporting programs that promote individual health and safety, and contribute to more resilient communities.

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 were 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 full 2016 Integrated Annual Report, with reference to specific actions summarized below.

Principle 1

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

- > One of the strategic objectives in our 2015–2018 strategy is to “integrate and embed co-operative and sustainability principles in all areas of our business decision-making, action and process.”
- > In 2016 we integrated our sustainability, governance, and annual reports into one integrated annual report, to reflect our progress towards integrating and embedding co-operative and sustainability principles.
- > The Board of Directors' Sustainability & Citizenship Committee oversees progress related to our sustainability objectives, goals and initiatives ([see Appendices page AP-4](#)). In September, we held our annual joint board-management meeting, which included members of our Board Sustainability & Citizenship Committee, the chairperson of the Board, our president and CEO, and our Sustainability Steering Committee (comprised of executives from across our group of companies). The meeting provided an opportunity to evaluate our progress on embedding sustainability into our strategy.
- > Recognizing the importance of linking sustainability goals to compensation, as part of our 2015–2018 strategy, all executives (vice-presidents, senior VPs, executive VPs) and other relevant employees are required to include in their annual plans at least one bonusable goal related to social, environmental or economic sustainability or our co-operative identity ([see page 42](#)). As an example, in 2016, 4 per cent of non-financial bonusable goals were sustainability-related for our executive vice-president and chief operating officer, Co-operators Life Insurance Company and president and chief operating officer, The CUMIS Group Limited.
- > In 2015, we became a Certified Living Wage Employer in Guelph, ON. Based on the National Living Wage Framework, the living wage is set independently by each participating community. We pay a living wage in all Canadian communities where the standard has been established, and are committed to advocating for our external stakeholders to follow suit ([see page 42](#)).
- > We offer a range of insurance solutions that incorporate sustainability features and have begun to expand the breadth of our sustainable product offering by embedding sustainability attributes into core insurance products, such as Home and Auto, and Life (our Comprehensive Water endorsement and Acceptional Life® are examples of this — [see pages 20–21](#)).
- > We continue to implement our Impact Investing Strategy (an approach to investing that seeks to create both financial returns and positive social or environmental impact), with a target to have 6 per cent to 10 per cent of The Co-operators assets as impact investments by the end of 2018 ([see page 40](#)).

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.

- > We launched Comprehensive Water — our innovative product solution that protects clients from the risk of flood — in Alberta in 2015, and expanded this coverage to Ontario homeowners and farm dwellings in 2016. It offers homeowners easy-to-understand, broad coverage, even in high-risk areas. We were the first company to offer this type of coverage in the Canadian residential property marketplace ([see page 20](#)).
- > A history of serious illness may lead to the denial of life insurance, posing a significant threat to prosperity and peace of mind. In response, The Co-operators launched Acceptional Life® in the spring of 2016, in partnership with Hunter McCorquodale and Consilium Strategic Partners, to provide coverage to Canadians who have been declined standard life insurance products ([see page 21](#)).
- > Our investment company, Addenda Capital, is an active steward of the companies in which it chooses to invest on behalf of its clients. Aligned with a commitment to sustainable investing, Addenda applies environmental, social and corporate governance (ESG) considerations to its investment decisions and actively promotes sustainable financial markets ([see page 34](#)).
- > In collaboration with groups such as Partners for Action, the United Nations Environment Programme Finance Initiative (UNEP FI), World Bank Insurance Development Forum (IDF), Corporate Knights, Smart Prosperity and The Natural Step Canada, we seek to raise awareness of sustainability issues, risks/opportunities and catalyze positive change ([see pages 29, 31, 33](#)).
- > Through the IMPACT! Youth Sustainability Leadership Program, we are empowering post-secondary students and recent graduates to become sustainability champions in communities across Canada ([see page 31](#)).

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.

- > We catalyzed the launch of the Partners for Action (P4A) Network at the University of Waterloo's Faculty of Environment. The network is dedicated to advancing flood resiliency in Canadian communities. Through the research, education and advocacy of P4A, Canadians are gaining a better understanding of their levels of risk awareness, the social impacts of flooding, the flood preparedness of major Canadian cities, and the steps that can be taken to build resiliency and better protect communities from devastation ([see page 29](#)).
- > Our relationships with multiple levels of government continue to evolve as we make them aware of our research to better understand the issue of overland flood. In 2016 we engaged with federal and provincial governments on the flood disaster recovery plan ([see page 21](#)).
- > We were the first Canadian insurance company to sign the Montreal Carbon Pledge in 2014 and publicly disclosed the carbon footprint of our equity portfolio in 2015. Our investment company, Addenda Capital, became a signatory in 2015 and was the first Canadian asset manager to disclose the carbon footprints of all its equity funds. We expanded our disclosures in 2016 to include fixed income and preferred-share portfolios ([see page 34, Appendices page AP-38](#)).
- > Through our advocacy efforts and collaboration with various partners, we have been at the forefront in supporting initiatives that advance sustainability principles. Examples of our advocacy efforts in 2016

included our involvement in the World Bank Insurance Development Forum (IDF) to build a more sustainable and resilient global insurance market ([see page 33](#)), and our work with Smart Prosperity toward Canada's transition to a high-efficiency, low-carbon economy ([see page 33](#)).

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 fifth year of disclosing progress toward each of the Principles. We invite you to read our full 2016 Integrated Annual Report to learn more about our efforts to integrate and embed co-operative and sustainability principles throughout our organization.

Energy consumption and carbon emission inventory

ENERGY CONSUMPTION (GJ)

	2016	2015	2014	2013	2012	2011	2010
Gasoline ¹	21,725	24,434	29,062	33,082	35,252	38,783	41,800
Natural gas ¹	36,870	44,351	53,533	50,995	47,322	50,316	54,049
Electricity ¹	65,811	74,359	77,095	82,195	86,074	90,845	93,315
Steam ²	1,293	1,409	1,402	1,445	1,183	1,367	1,431
Diesel ¹	5,705						
Total energy	131,404	144,553	161,092	167,718	169,831	181,311	190,595

1. Conversion factor source: National Energy Board, Energy Conversion Tables, <https://www.neb-one.gc.ca/nrg/tl/cnvrstbl/cnvrstbl-eng.html>.

2. Conversion factor source: Natural Resources Canada, Gigajoule and Energy Intensity Calculator, <http://www.nrcan.gc.ca/energy/publications/efficiency/buildings/6561>.

CARBON EMISSIONS (TONNES OF CO2 EQUIVALENT)

	2016 Location- Based	2016 Market- Based	2015 Location- Based	2015 Market- Based	2014 Location- Based	2014 Market- Based	2013	2012	2011	2010
<i>Scope 1 (Energy)</i>										
Fleet	1,438	1,438	1,623	1,623	2,010	2,010	2,288	2,504	2,753	2,970
Natural gas	1,874	1,874	2,192	2,192	2,630	2,630	2,506	2,330	2,479	2,658
Diesel ¹	415	415								
Total Scope 1	3,727	3,727	3,815	3,815	4,640	4,640	4,794	4,834	5,232	5,628
<i>Scope 2 (Energy Indirect)</i>										
Electricity	6,188	473 ²	7,460	515 ²	8,015	524 ²	8,545	9,453	9,993	11,566
Steam	86	86	94	94	93	93	96	78	90	95
Total Scope 2	6,274	559	7,554	609	8,108	617	8,641	9,531	10,083	11,661
<i>Scope 3 (Other Indirect)</i>										
Air Travel	4,989	4,989	4,735	4,735	4,742	4,742	4,153	4,393	4,844	4,554
Employee vehicle travel	853	853	998	998	1,051	1,051	1,255	1,407	1,529	1,510
Total Scope 3	5,842	5,842	5,733	5,733	5,793	5,793	5,408	5,800	6,373	6,064
Total emissions	15,843	10,128	17,102	10,157	18,541	11,050	18,843	20,165	21,688	23,353
Carbon offset³		3,590								
Net equivalent Carbon emissions		6,538								

1. A diesel generator supplied power at our head office location during an extended power outage.

2. Reduction associated with Renewable Energy Certificates purchased from Bullfrog Power.

3. Reduction associated with the financial advisor Carbon Neutrality Program.

METHODOLOGY

The inventory is calculated using the operational control approach, as outlined by the World Resources Institute and World Business Council for Sustainable Development's [Greenhouse Gas Protocol](#). Carbon dioxide, methane and nitrous oxide are included in all emission totals (and are reflected in the emission intensity figures on [page 35](#) of our Integrated Annual Report); the intensity figures include emissions from scope 1, 2 and 3. We use 2010 as our current base year; although it was not the first year that emissions data was collected, it contains a more complete data set than prior years. It is also the basis for our current emission reduction goal (75 per cent reduction from 2010 emission levels by end of 2018). Prior year emission totals have been recalculated to reflect current electricity emission factors as they become available.

In 2016 we introduced the financial advisor Carbon Neutrality Program. Through this voluntary, corporate-funded program, we've enabled our financial advisors (who are independent business owners and not part of our corporate carbon footprint) to make their offices carbon neutral through the use of Bullfrog Power and the purchase of carbon offsets. Five hundred and twenty-six financial advisor locations across Canada are now contributing to the transition to a low-carbon economy. It is our intention to reduce carbon emissions through this program in an amount equivalent to the amount that would be needed to reach a 75 per cent reduction in our corporate footprint; as of 2016 we have achieved a 72 per cent reduction. This non-traditional approach offers the same environmental impact, in terms of the amount of carbon that is offset, as purchasing offsets for our own operations. We've applied this reduction to our corporate carbon reduction goal, and the result is our net equivalent carbon emissions. Additionally, it offers the added benefits of engaging our financial advisors and, through them many of our clients, in conversations about climate change and the risks it presents.

Montreal Carbon Pledge – Carbon footprint of investments

Understanding climate-related risk as part of sustainable investing

Climate change can have a significant impact on financial markets and investment returns. The Co-operators seeks to manage the investment risks and opportunities associated with climate change and the transition to a low-carbon economy.

In 2014, The Co-operators became the first Canadian insurer to sign the [United Nations-supported Principles for Responsible Investment](#) (UN PRI)'s [Montréal Carbon Pledge](#), a commitment to measure and publicly disclose the carbon footprints of investment portfolios.

Measuring and understanding carbon footprints and other climate-related risks aligns with the approach to active investing taken by our investment manager, Addenda Capital. (In 2015 Addenda became a signatory to the Montréal Carbon Pledge and was the first Canadian asset manager to disclose the carbon footprints of all its equity funds.)

Our footprints

We measure and monitor the carbon footprints of our investments using two metrics:

1. Owned carbon emissions measures our share of the absolute greenhouse gas (GHG) emissions of each of our investments.
2. Weighted average carbon intensity shows the average carbon intensity (emissions per revenue generated) of our investments, revealing our exposure to carbon-intensive companies.

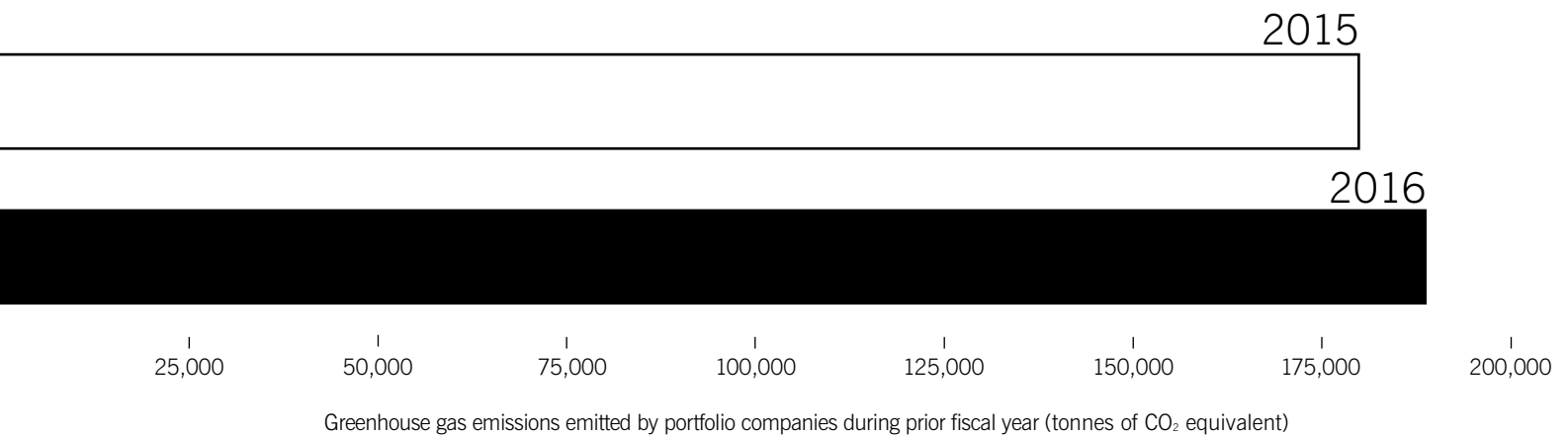
We previously disclosed the carbon footprint of our equity investments and through disclosure in our 2016 Integrated Annual Report have added the footprints of our corporate bond and preferred share investments.

Owned carbon emissions

In 2016, The Co-operators equity investments, corporate bond and preferred share investments 'owned' a total of 188,814 tonnes of CO₂-equivalent greenhouse gases (emissions sources scopes 1 and 2 only) emitted by companies in our portfolio. Compared on a like-for-like basis to 2015, we noted a 5.0 per cent increase in carbon emissions. This increase is due to more investments in the preferred shares of companies with high greenhouse gas emissions which was offset by a reallocation within equities from higher emitting forest products companies to lower emitting materials companies.

Our investment carbon footprint far exceeds the emissions from our operations, which totaled 15,843 tonnes of CO₂-equivalent emissions in 2016 (see Appendices [page AP-36](#)). The Co-operators net emissions were reduced by 72 per cent in 2016, compared to 2010 emission levels, primarily through purchases of renewable energy certificates from Bullfrog Power. The fact that our owned emissions are more than 10 times the emissions from our operations reinforces the importance of our approach to sustainable investing, which emphasizes stewardship and advocacy, and encourages the companies we own to manage their climate risks and decrease their emissions.

The Co-operators Portfolio Carbon Emissions



Weighted average carbon intensity

The weighted average carbon intensities of some of The Co-operators representative investment portfolios are shown in the graph below. The Co-operators equities have lower emissions on average than benchmark companies. The carbon intensity of our Canadian REIT holdings and corporate bonds are marginally below the benchmark. Our preferred shares have a higher carbon intensity than the benchmark because we own a higher proportion of utilities companies in the portfolio than the benchmark. Utilities alone make up over 80 per cent of the intensity figure for our preferred shares portfolio.

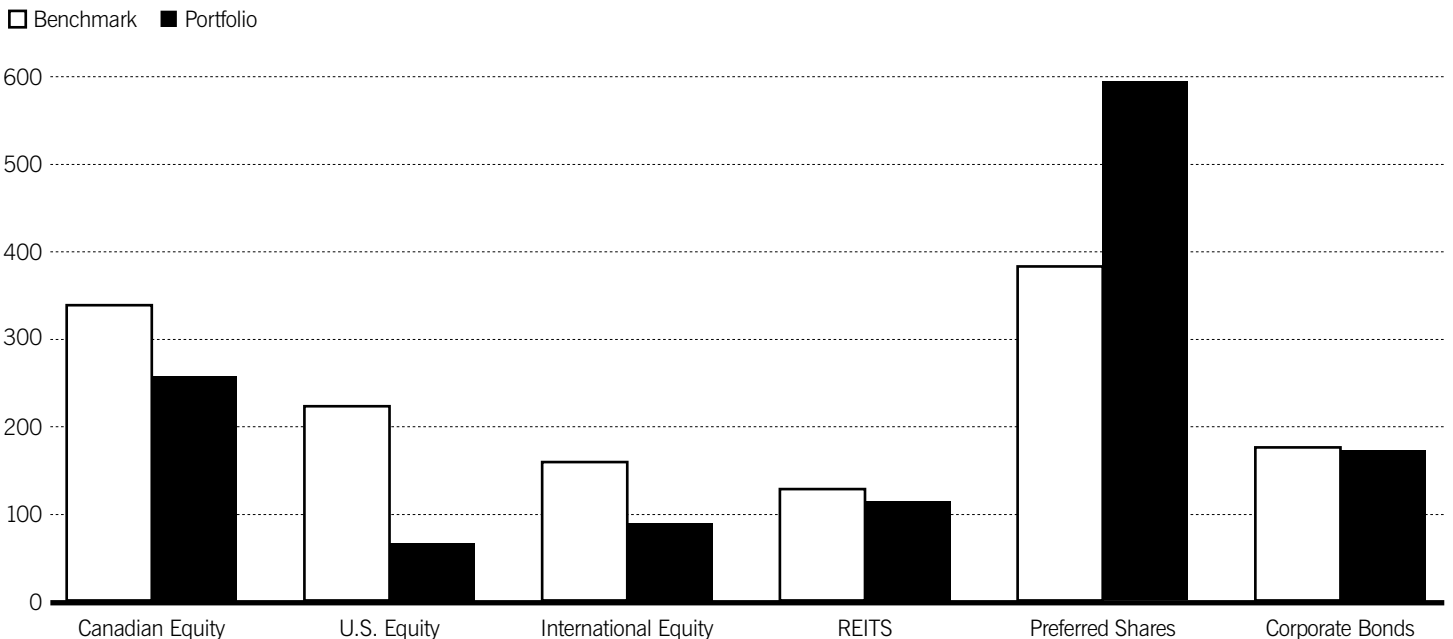
Methodology: How we calculate the carbon footprint of investments

The methodology for measuring carbon footprints of investments is evolving, and many data gaps exist. The following key points from our methodology ensure transparency in our approach.

1. Data sources: 1) Reported and estimated greenhouse gas emissions data from MSCI ESG Research; 2) market and fundamental data from Bloomberg; 3) index data from MSCI, S&P and BMO. Greenhouse gas emissions data are from 2014 and cover scopes 1 and 2, as 2015 data are not yet available. Market values for investments were used with data from December 31, for each year.

- 2. Asset classes covered: Our disclosure covers our Canadian, U.S., and international equities, as well as our REIT portfolio, corporate bonds and preferred shares.
- 3. Holdings analyzed: Representative investment portfolios for different asset classes were selected to calculate the weighted average carbon intensities, as the same investment strategies are often used. The owned emissions calculation considered the invested assets of all companies across The Co-operators group of companies.
- 4. Emissions allocations: For the owned emissions calculation, each company's total emissions were allocated to debt, equity and preferred equity based on the book values for debt and preferred equity and the market value for equity using total capital as the denominator.

Weighted average carbon intensity of The Co-operators equity, REIT, preferred share, and corporate bond portfolios vs Benchmark (tonnes of CO2 equivalent / \$m USD revenue)



Credit ratings

All ratings current as of January 24, 2017.

CO-OPERATORS FINANCIAL SERVICES LIMITED

	S&P	DBRS
Issuer credit rating	BBB	BBB
Senior unsecured issues	BBB	BBB
Outlook	Stable	Stable

CO-OPERATORS GENERAL INSURANCE COMPANY

	A.M. Best	S&P	DBRS
Preferred stock rating	–	P–2	Pfd–2 (low)
Issuer credit rating	a–	A–	A (low)
Financial strength rating	A–	A–	A (low)
Outlook	Stable	Stable	Stable

CO-OPERATORS LIFE INSURANCE COMPANY

	A.M. Best	S&P
Issuer credit rating	a	A–
Financial strength rating	A	A–
Outlook	Stable	Stable

SOVEREIGN GENERAL INSURANCE COMPANY

	A.M. Best
Issuer credit rating	a–
Financial strength rating	A–
Outlook	Stable

Consolidated tax expenses

2016 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS

	Income Tax ¹	Premium Tax	Total
Federal	38,979		38,979
Provincial			
Alberta	6,423	30,068	36,491
British Columbia	2,992	9,848	12,840
Manitoba	1,196	3,555	4,751
New Brunswick	967	2,832	3,799
Nfld. and Labrador	1,003	4,629	5,632
Nova Scotia	1,168	4,451	5,619
Ontario	13,127	48,419	61,546
Prince Edward Island	343	1,127	1,470
Quebec	1,058	5,228	6,286
Saskatchewan	1,805	7,405	9,210
Territories	166	491	657
Total Provincial	30,248	118,053	148,301
Total	69,227	118,053	187,280
Other Taxes²			85,523
Total tax expense related to 2016			272,803

1. Income tax amounts are estimates for 2016 as at January 24, 2017.
2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes. In the past capital tax was shown separately; given its size, it has been grouped in with "Other Tax".

2015 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS

	Income Tax ¹	Premium Tax	Total
Federal	26,374	0	26,374
Provincial			
Alberta	3,321	23,091	26,412
British Columbia	1,486	9,353	10,839
Manitoba	669	3,280	3,949
New Brunswick	395	2,768	3,163
Nfld. and Labrador	763	4,049	4,811
Nova Scotia	615	3,925	4,540
Ontario	11,689	45,370	57,059
Prince Edward Island	142	1,055	1,198
Quebec	1,079	4,460	5,539
Saskatchewan	785	7,105	7,890
Territories	68	527	595
Total Provincial	21,012	104,983	125,995
Total	47,386	104,983	152,369
Other Taxes²			84,854
Total tax expense related to 2015			237,223

1. Income tax amounts are actuals for 2015.
2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes. In the past capital tax was shown separately; given its size, it has been grouped in with "Other Tax".

2014 CONSOLIDATED TAX EXPENSE (IN \$000) DOLLARS

	Income Tax ¹	Capital Tax	Premium Tax	Other Tax ²
Federal	44,210	0	36,233	27,939
Provincial				
Alberta	6,250	21,857	8,860	9,842
British Columbia	2,678	8,622	474	1,406
Manitoba	1,389	3,117	175	143
New Brunswick	953	2,538	2,550	2,089
Nfld. and Labrador	1,261	3,767	1,795	972
Nova Scotia	1,510	4,062	1,535	1,384
Ontario	14,362	42,200	22,682	31,001
Prince Edward Island	334	959	842	313
Quebec	1,805	3,068	3,726	2,959
Saskatchewan	1,793	6,028	1,429	4,857
Territories	157	404	1	0
Total Provincial	32,493	96,622	44,069	54,966
Total	76,703	96,622	80,302	82,905
Total tax expense related to 2014				253,627

1. Income tax amounts are actuals for 2014.
2. Other taxes includes commodity, property & business, payroll, capital and other miscellaneous taxes. In the past capital tax was shown separately; given its size, it has been grouped in with "Other Tax".