

2023 IMPACT REPORT

Our commitment to Canada's credit unions

FEBRUARY 2024

cumis

co-operators





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Land acknowledgement

The corporate headquarters of The Co-operators Group Limited is in Guelph, ON, on the Between the Lakes Treaty (No. 3) territory, the traditional land of the Mississaugas of the Credit First Nations, and the ancestral homelands of the Anishinaabe, Haudenosaunee and Attawandaron peoples.

CUMIS headquarters is located in Burlington, ON, rich in history and modern traditions of many First Nations and Métis. From the Anishinaabe to the Haudenosaunee and the Métis, our lands, spanning from Lake Ontario to the Niagara Escarpment, are steeped in Indigenous history. This territory is mutually covered by the Dish With One Spoon Wampum Belt Covenant, an agreement between the Iroquois Confederacy, the Ojibway, and other allied nations, to peaceably share and care for the resources around the Great Lakes. We acknowledge that the land on which we work is part of the Treaty Lands and Territory of the Mississaugas of the Credit.

SECTION 1: CUMIS AND YOU

Our story:

Embracing a shared legacy and future



Our co-operative essence:

- **At our core**, we are defined by our co-operative identity.
- **Our focus** extends beyond services – we're committed to offering solutions that strengthen the co-operative system and resonate with our member organizations.
- **We're not just conducting business transactions** – we exist to tackle unmet socio-economic and environmental challenges in Canada and bolster community resilience.

Our purpose: Financial security for Canadians and our communities.

Our journey is and has always been intertwined with credit unions across Canada. In fact, the CUNA Mutual Insurance Society, with CUMIS as its Canadian branch, was born out of a tragedy that highlighted the need for insurance protection for its operations. Known as the "Lesson of the Linesman," a credit union member borrowed \$250 just two days before an accident that took his life. In an act of communal responsibility, two other linesmen selflessly cleared his debt from their own limited savings.

A spirit of mutual support and resilience: Our guiding force for over eight decades

As a true Canadian co-operative and a proud member of the Co-operators Group Limited, we're unwavering in our mission to ensure financial security, and support wealth and philanthropic endeavours. Our bond with co-operative credit unions goes beyond partnerships. It's founded on mutual co-operative principles and long-term, value-based connections.

Sustainability and co-operative principles: Impact in action

Co-operators has been on a journey since 2008 to formally embed sustainability across the many dimensions of our co-operative, from how we run our business, to how we develop products and services, to how we invest our capital. It has also been formally integrated into our governance structures, with the Board Sustainability Committee monitoring emerging risks and issues and advising on the sustainability and resilience components of our strategy. With this increased focus, a member of each of our standing committees populate the composition of the Board's Sustainability Committee. This ensures better integration of sustainability with each committee's mandate. Through our strategic plans, our long-term goals, and our purpose, vision and values, we work every day to bring sustainability to life, ensuring we can provide financial security for Canadians while catalyzing a sustainable, resilient society over the next quarter, the next year, and generations into the future.

“

We believe deeply in a vibrant and innovative Canadian credit union system that serves the rapidly evolving needs of its members from coast-to-coast. Each day, we as a team help hundreds of credit unions and Caisses populaires deliver financial resilience to their members. Focusing on those unmet needs is a guiding principle in how we invest our energy and capital in ways to create new value for the credit union system.

”



Zack Fuerstenberg
SVP, President of Credit Union and
Specialty Market Distribution

CUMIS and Credit Unions

We have relationships with
194 credit unions
serving over 6 million members

We protect a sum of
\$24 billion
in loans nationally, through
our entire credit union network
(as of December 2023)

We have helped over
313,000
claimants over the last 10 years

We have delivered more than
\$1.6 billion
to credit unions and their members
in compensation and claim payments
over the last 10 years



Building the co-operative ecosystem: Fostering shared governance and financial rewards

At the heart of our relationship with credit union centrals (including caisses populaires) across Canada lies a robust framework of mutual responsibilities, governance participation and shared economic benefits.

Member relations: A co-operative governance model

Credit union centrals actively participate in our governance, appointing regional delegates and occupying designated seats on our Board of Directors. This includes three seats for Central 1, and one each for Credit Union Central of Alberta, Saskatchewan, Manitoba and Atlantic Central. Because these credit union centrals and Caisses use and promote our products and services, their inclusion on our Board ensures a governance model that truly reflects our shared co-operative values.

Member loyalty payments: Rewarding collaboration and shared value creation

Credit union centrals, as direct members of Co-operators, receive member loyalty payments. This support considers factors like annual results, governance participation and total business volume from the financial institutions represented by the credit unions.

Over the last five years, more than \$20 million in member loyalty payments have been paid through credit union centrals, serving as an alternative source of non-interest revenue.

Economic contributions: A strong revenue stream

The centrals and their member credit unions contribute a substantial portion of our revenue, derived from a diverse range of products – including creditor, life, group benefits, group retirement, commercial, home and auto insurance.

Greater prosperity and impact: A unified vision for the future

Our journey with credit union centrals is a testament to the power of co-operative principles. By integrating governance, financial rewards and shared community values, we're co-architects of a sustainable, socially responsible future. Together, we'll continue to foster an ecosystem where each success is a step toward greater communal prosperity and impact.

Click [here](#) to read the latest Declaration of our Co-operative Identity.

\$326.7 million

in business generated by all credit union centrals and their members.

\$5.7 million

distributed in 2023 as member loyalty payments.

“

For more than 75 years Co-operators, credit union centrals and credit unions have partnered to strengthen the financial resilience and social welfare of the communities we jointly serve from coast to coast to coast. Our complementary strengths and unwavering commitment to meet the needs of Canadians have successfully guided our past successes. Looking ahead, the future is exciting as we collectively bring unique and specialized skills, capabilities, and creative solutions to the market place.

”



Paul Hanna

EVP Member Relations,
Governance, and Corporate
Services

Co-operators: Creating impact in our communities

1.1 million

families protected (includes client households of Co-operators General and Co-operators Life for all retail business lines)

48.4%

of invested assets devoted to impact and climate transition investments (more than \$5.9 billion), making us one of the world's leading impact investors.



For updated results, click the [link](#) to our latest Integrated Annual Report.

SECTION 2: **CHALLENGES AND IMPACT**

The 2023 Impact Report: In the business of doing good business

In the pages that follow, we'll share solutions that allow credit unions to leverage the extensive expertise of the Co-operators / CUMIS teams across multiple channels, creating a comprehensive insurance experience for both staff and members. This approach respects each partner's brand and community presence, while streamlining processes, delivering scale advantages and establishing consistent results.

Industry challenges: Redefining a dynamic landscape

Navigating through the dynamic landscape of our financial services industry, we face a variety of challenges in common, each of which will demand adaptability and innovation in the years and decades to come, including:

Economic pressures: Canadians are experiencing financial pressure from soaring inflation, while financial markets are facing increased volatility from the Bank of Canada's interest rate adjustments. This challenge is amplified in the credit union system due to the rising cost and complexity of raising capital.

Digital engagement and consumer behaviour: Digital engagement is rapidly becoming the norm across industries. This shift reshapes consumer expectations and behaviours.

Real estate market fluctuations and immigration trends: The real estate market is experiencing a delicate balance of supply and demand uncertainties resulting from interest rates and hesitant behaviour from buyers and sellers.

The impact of climate change: Global warming is causing significant societal, economical, and emotional tolls across the globe.

Effects on the life insurance sector: The sector's long-term viability is closely linked to interest rate changes.

This evolving backdrop catalyzes progress, pushing us to rethink and redefine our strategies to remain at the forefront of change.

Tailored insurance solutions:

Our pledge to empower growth for your business

At the heart of our mission lies a deep commitment to offering more than just products – we build partnerships that incorporate consultative and customized business solutions.

We offer solutions and services that help our partners:

- Offer the protection their members need
- Mitigate risk and provide peace of mind for their members
- Deepen relationships with their members
- Maximize revenue opportunities
- Strengthen their competitive advantage

Effortless integration: A key to progress

Our technology solutions are designed to complement and enhance your existing systems. We recognize the critical nature of consistent business, digital and branch processes, and strive to ensure that our solutions integrate effortlessly into your operational ecosystem.

Moreover, we go a step further by offering tailored training solutions to maximize the effectiveness of your insurance strategy.



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Partnerships are long-term mutually beneficial relationships that are intrinsically part of our DNA.

”



Kirsten Holt
VP of National Sales,
Credit Union Distribution
CUMIS



“

The implementation has been seamless and well-executed. From the initial planning stages to the final launch, CUMIS has displayed a meticulous attention to detail, ensuring that all aspects of the product are seamlessly integrated into our existing infrastructure... resulting in a smooth transition for both Caisse and its members.

”



Marc Rioux
Vice-President of
Retail Member Services,
Caisse Financial

The four pillars of our value proposition:

We believe that...

1

Purpose is a differentiator:

We will be here when you and your members need us to be. With shared vision and values, we champion the same causes. We are compelled to protect Canadians and their communities. We have a shared social purpose with our clients. We focus on the needs of others and our world, which drives how we behave and moulds our philosophy.

2

Relationships matter:

With a dedicated relationship team, we provide the support you need at all levels of your organization to ensure your program's success. Together we're stronger by offering a variety of services to our partners, including:

- Relationship management
- Product and sales training
- Claims and underwriting
- Program management
- Customer service
- Strategic planning

3

Needs drive multi-line solutions:

We protect all of your members' insurance needs while we increase your non-interest income. With our partners, we co-create solutions from our competitive, strategic and scalable suite of products and services. This way, we ensure that our offerings meet the specific needs of our partners and their members, at every stage of their financial lives. We are continually optimizing our tech stack so that our solutions can be frictionlessly embedded into your lending journeys and digital ecosystems.

4

Comprehensive support is essential:

We offer a turn-key solution providing everything you need to be successful. We partner across the full B2B2C value chain to support innovative programs:

- We co-create in product development and digital journey enablement
- We enable flexible technology platforms
- We identify opportunities through strategic planning
- We enable seamless integration of our multi-line insurance solutions

Aviso Wealth and Addenda:

Enhancing efficiency, investment impact and risk preparedness



As we grow,
all boats rise,
fostering a
'we before me'
approach.



Jessica Baker
EVP and Chief Retail
Sales Officer,
Co-operators

Our relationship with credit unions is about more than business growth. It's also about nurturing a community-centric ecosystem where collective progress, sustainability and social responsibility are at the forefront.

Our bond extends beyond collaboration. In the wealth space, our goals and successes are inextricably linked in three important ways:

- 1. We are wholly invested in the success of Aviso:** As a committed equity holder and partner in Aviso alongside the credit union system, we took the initiative to merge Credential, Qtrade, and NEI Investments, to form Aviso. This creates more value for the system's premier wealth businesses.
- 2. Synergy between CFIS and Aviso Wealth:** CFIS (Co-operators Financial Investment Services), our wholly owned mutual fund dealer, collaborates closely with Aviso. The success of CFIS enhances Aviso's profitability, ultimately benefiting shareholders. Business conducted at CFIS flows through Aviso, returning value to its shareholders and cementing our collective wealth-building mission. Through Aviso, we educate clients about sustainable investing, aligning financial growth with environmental and social consciousness.
- 3. A commitment to sustainable investments through Addenda Capital:** A subsidiary of Co-operators and market leader in impact investing in Canada, Addenda is an investment management firm that integrates ESG analysis into its portfolio construction processes. Its sustainable funds are tailored to drive sustainability and impact investments, reflecting our commitment to responsible investing. (For more on the difference Addenda is making on climate change, see page 20.)

Through our co-operative model we ensure that, as one entity grows, so do the others. In fostering financial security, we collectively enhance efficiency, investment impact and risk preparedness.

Aviso is a partnership between the Canadian credit union system, Co-operators and Desjardins. The combination of our collective wealth management capabilities has created a formidable entity that strengthens the offerings of credit unions and Co-operators alike.

Co-operators plays many roles in the Aviso partnership.

In addition to being an active and collaborative owner, we:

- Source 100% of our mutual fund products through Aviso. This drives scale and profitability in Aviso, which benefits all its owners.
- Provide a range of our own products through Aviso that credit unions use to meet their members' needs.
- Source credit union products through Aviso for our own retail distribution. For example, all of the GICs on Co-operators' retail shelf are credit union manufactured.

From time to time, credit unions and Co-operators compete. Despite this, our joint ownership of Aviso makes us strong partners.

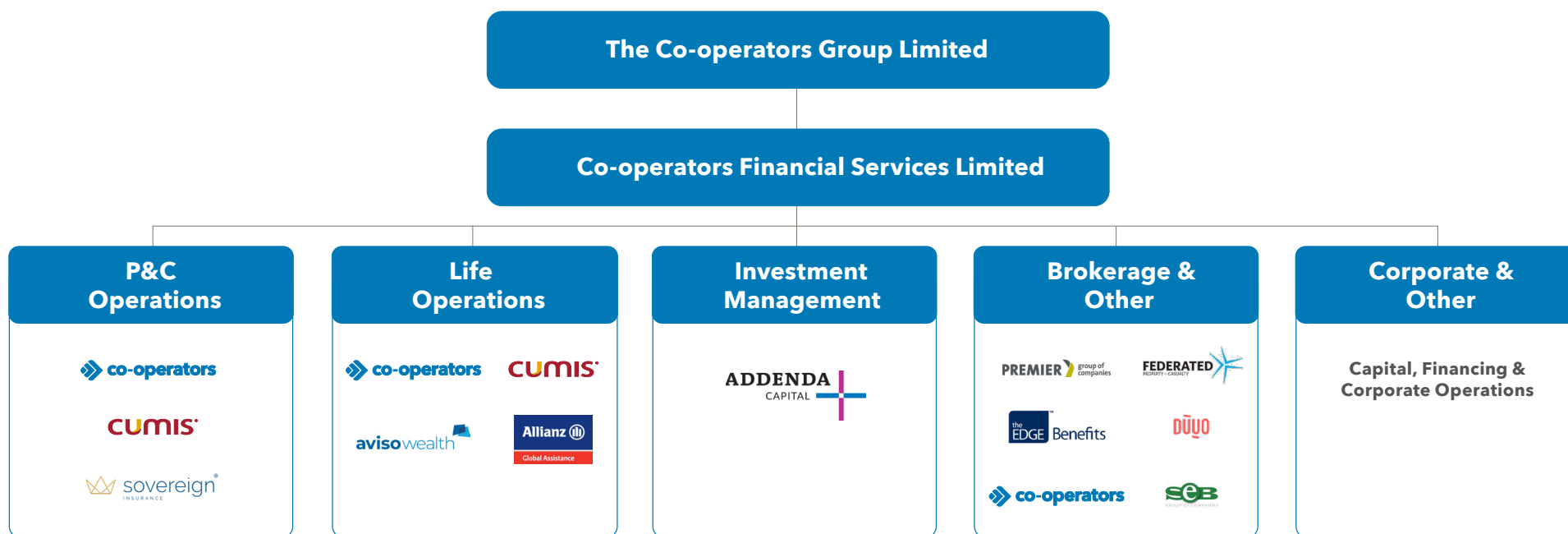
What's more, there are still many untapped opportunities for Co-operators and credit unions to partner for our mutual benefit, and for the benefit of our members and clients.

For example, our products and services – like creditor insurance – are available in our partners' ecosystems. Likewise, credit union GICs are offered on our product shelf. Ultimately, when Co-operators is successful in the wealth management market, credit unions benefit – and vice versa.



Our corporate structure:

Offering credit unions a breadth of products and services



“

While both internal and external factors continue to change, our core purpose to balance sound insurance and financial services with our credit union partnerships has not.

”



Jessica Baker

EVP and Chief Retail Sales Officer,
Co-operators

Investing in our local communities:

Co-operators is championing resilience and community prosperity

Our commitment to fostering sustainability and resilience is unwavering. Through our initiatives, we strive not only to excel as a business, but to uplift the communities we serve, especially those within the credit union network.

Our investments across a variety of community resilience themes embody our dedication to providing financial security for Canadians. In 2023, Co-operators invested 4.1% (\$12.17 million) in the communities in which we operate, driving meaningful change and demonstrating our role as a force for good.

Impactful contributions in 2023 across Co-operators: A snapshot

Championing Co-operatives

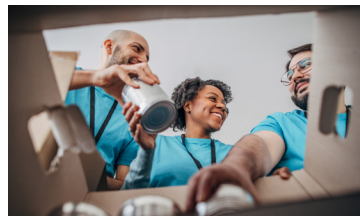


Contributed

\$500,000

through the Co-operative Development Program to 38 emerging and expanding Canadian co-operatives.

United For Communities



Corporate and staff contribution of

\$591,248

for United Way Centraides across Canada.

Empowering Marginalized Youth



Contributed

\$1.5 million

through Co-operators Community Funds towards employability supports for underserved youth and those with mental health challenges.

Giving Our Time



Staff volunteered over

27,000 hrs

the salary equivalent of over \$1.2 million.

Alleviating Hunger



350+ staff volunteers picked over

32,000 lbs

of apples from the CUMIS orchard, which were distributed to over 100 community organizations.

The Co-operators Young Leaders Award: Supporting the next generation

To engage and support younger generations in the co-operative movement, as part of the Pathways to Employability initiative of Co-operators Community Funds, our Co-operators Young Leaders Award recognized 12 young change makers within the co-operative sector. Each were awarded \$1,000 and gained valuable networking opportunities. This program fosters future leaders in collaboration with Co-operators and Mutuels Canada (CMC).

Climate action and innovation: A proactive approach

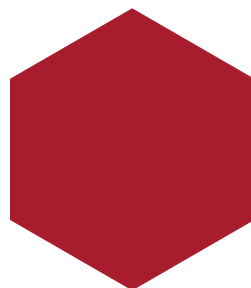
Modelling future climatic scenarios isn't just an exercise. It's a crucial part of improving products, services and support for credit unions.

Our innovative **CHARM** initiative – the Co-operative Climatic Hazards and Advanced Risk Modelling platform – assesses climate risk concentration and potential impacts on our business and clients, ensuring preparedness and resilience against natural hazards.

In cities like Whitehorse, Thunder Bay and Grand Prairie, CHARM models predict wildfire behaviour and potential damage, enhancing our ability to protect communities.

We also share our expertise with other organizations, helping them understand and mitigate their climate-related risks. This collaborative approach was exemplified in our pilot project with Vancity, where we developed tools for assessing flood and wildfire risks, enabling them to conduct regular portfolio evaluations.

Following the success of this pilot, we are now working on scaling this program to more credit unions.



Extreme weather events across Canada have underscored the importance of understanding climate risk. Through our initial work with Co-operators, we better understand our risk exposure and how we can mitigate these risks. As we face an uncertain future, it's critical that credit unions across Canada take steps to understand the climate risks facing their portfolios and begin to take necessary action now.



Nezihe Aquino
Chief Risk Officer & CEO,
Vancity Community
Investment Bank

Toward net-zero emissions: Advocating for climate-resilient economies

As the first Canadian insurer to join the UN-convened Net-Zero Asset Owner Alliance, we're at the forefront of the movement to decarbonize the global economy.

Addenda Climate Transition Equity strategies build investment portfolios that work closely with companies that have credible net-zero strategies in place. We're engaging companies through action plans to ensure they're meaningfully contributing to collective change - that is, a resilient net-zero emissions society by 2050.

The **Addenda Fossil Fuel Free Global Equity Pooled Fund** gives clients the opportunity to divest from fossil fuels in their investment strategy. The fund offers clients an exclusionary investing approach toward fossil fuels, while generating compelling risk-adjusted returns.

Our partnership with municipalities, investors and governments aims to finance and scale innovative climate adaptation projects, showcasing our commitment to addressing the climate crisis through co-operative solutions.

Our **Eco-Social Commercial Mortgage Fund**, one of the first of its kind in Canada, aims to support the United Nations Sustainable Development Goals by addressing issues where Canada can make progress on housing, more sustainable cities and communities, reduced inequalities, good health and well-being, and quality education. The fund invests in affordable housing, green buildings, underrepresented groups, cultural initiatives, non-profit and community facilities, as well as health and education.

Impacting Investing: A cornerstone of our strategy

Impact investments create both compelling financial returns and positive social and/or environmental progress that can be measured, tracked and reported. In fact, 48.4% of our investment portfolio is a combination of Co-operators' Impact investments and Climate Transition investments.

These investments span five vital themes: community development, climate change, health and wellness, education, and food, agriculture and natural resources. For our efforts, we were recognized as a leader in this space by Environmental Finance as Insurer of the Year in 2021.

We are happy to share any expertise and learnings gleaned from our various programs to the wider credit union system. We are more impactful when we share with our partners.

We are committed to the co-operative principle of cooperation amongst co-operatives. It is fundamental to the way we operate.

\$5.9 billion

invested in impact investments
by the end of 2023

The Net Zero Asset
Managers initiative



**Sustainable Finance
Action Council**

Innovating for growth: Cultivating competitive advantages for credit unions

Our approach to client challenges is deeply consultative, focusing on tailored business models that address specific market verticals. This strategy enables us to not only compete effectively, but also to drive profitable growth within the credit union industry.

For instance, we're at the forefront of implementing innovative business models that blend product development with technology enablers. These models adapt to changing market dynamics, including the decline in credit union eligible loan volumes and competition from mortgage brokers for mortgage protection books. Our solution-oriented approach extends to mortgage brokers and mobile mortgage specialists, providing them with tools that benefit their operations and the credit unions they work with.

Client-Facing Dossier pilot: Delivering actionable insights through analytics

Through our client-facing dossier pilot, we're placing actionable data directly into the hands of credit unions. Developed through collaborative feedback and testing with select partners, our MicroStrategy dossiers offer an analytical solution that caters to various business needs, ensuring credit unions can respond to market shifts with accurate, timely data.

Case study: Cambrian Credit Union collaboration

In partnership with Cambrian Credit Union, we embarked on an MVP project that exemplifies innovation by granting leaders direct access to business intelligence tools in development at CUMIS.

The insights from this collaboration have significantly influenced sales strategies, resulting in improved participation rates and better-protected loans. Following its early success, this pilot expanded to include more credit unions in 2023, as CUMIS enhanced its commitment to informed decision-making by providing our partners with valuable data insights.

In 2024, we will continue to expand this program. There is availability for more credit unions to have access to these insights – speak with your account representative to learn more.

“

Co-operators serves more than 1.1 million Canadian families, most of which have personal or commercial loans and mortgages, and all of which have personal banking needs. Similarly, credit unions have millions of members with insurance needs. The more we integrate our products and services, the bigger impact we can have. To this end, Co-operators has developed an industry leading embedded insurance capability. We look forward to exploring opportunities to utilize it in partnership with credit unions.

”



Rob Wesseling
President and CEO,
Co-operators

New sources of value creation:

Elevating the digital ecosystem with embedded insurance

As the digital landscape continues to evolve, our focus is set on revolutionizing the credit union ecosystem with embedded insurance solutions. Our objective is to modernize and streamline our cutting-edge offerings, making them effortlessly compatible within our partners' digital customer journeys and operational frameworks. With a vision to lead in this space, we aim to redefine convenience and accessibility for our partners and their members.

Embedded insurance simplifies the way insurance is offered, making it a seamless part of digital transactions. Whether it's offering travel insurance through a holiday booking app or tenant insurance within a residential landlord's chosen prop-tech platform, this solution enhances members' experiences by providing timely and relevant protection.

A new era for financial services: Simplifying insurance

Credit unions and banks have traditionally provided insurance alongside financial products. Our expertise and innovation lies in seamlessly integrating these services into sophisticated digital platforms, enhancing every step of the member journey. This technology-driven integration happens in two important ways:

- 1. Credit union experience:** Embedding and optimizing creditor solutions in your lender journey reducing friction and creating efficiencies.
- 2. Digital member experience:** Integration offers of insurance direct to members in your digital journey (subject to regulatory restrictions) enabling delivery of multi-line insurance solutions at the moment of need.

Through these strategic initiatives, we enable a convenient, frictionless member experience where protection is not an afterthought, but a natural part of their financial journey.



Solutions suite:

We work with credit unions to provide solutions for you and your members

For our credit union partners:

- Risk solutions
- Credit union bonding program
- Credit union property and casualty
- Employee benefits
- Group retirement services
- Aviso wealth solutions

For your credit union members:

- Creditor insurance
- Individual life insurance
- Home & Auto insurance
- Travel insurance
- Credit card embedded coverages

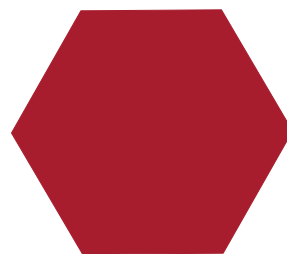
“

We work closely with our partners to deliver value to our clients, and we fulfill our purpose when our clients are protected and our partners are successful.

”



Alec Blundell
EVP & COO,
Co-operators Life
and CUMIS



Case study:

Fostering resilience through community investment and collaboration

The story of Lytton, BC, is a powerful testament to the strength of community, the importance of sustainability and the impact of strategic partnerships.

In 2021, a wildfire hit the Village of Lytton, resulting in tragic losses. It claimed two lives, forced the evacuation of nearby First Nations communities and caused significant damages.

Despite the availability of government grants, many impacted homeowners found it challenging to make the necessary upfront investments to rebuild. Seizing the opportunity to aid in recovery and champion climate resilience, we committed up to \$5 million in bridge financing, empowering residents to leverage the federal grants so they could build back better.

This initiative is a collaborative effort involving PacifiCan, the Village of Lytton and Beem Credit Union, which facilitates the distribution of our funds.

By mobilizing financial resources to address climate change, we assisted a community in need and continue to pave the way for resilience investing nationwide.

“

We're committed to building a resilient, sustainable society. Our financing program is our way of supporting Lytton's community to rebuild stronger and smarter against future climate risks.

”



Chad Park

Vice President of Sustainability and Citizenship, Co-operators



Forward together: Charting our future journey

As we navigate ever-evolving digital transformations, economic pressures, climate change and societal change, our focus remains steadfast on innovation and progress. Our goal is clear: to continue building a co-operative ecosystem that thrives on shared governance, financial rewards and community-centric values.

We remain committed to investing in sustainability and social good, championing resilience and embracing innovative strategies for the benefit of our credit union partners and the communities they serve.

We're eager and excited to forge new paths, driven by our enduring co-operative spirit and a shared vision for a brighter, more prosperous future.



“

Co-operators has a history of building mutually beneficial partnerships that last for decades. Our engagement with the co-operative system and our role in building it is a top priority for our ownership, our Board and our management team.

”



Rob Wesseling
President and CEO,
Co-operators



cumis

 **co-operators**

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