

# The Co-operators Group Limited (The Co-operators)

	GHG EMISSIONS	WAGES
ACKNOWLEDGE	● ● ● ●	● ● ● ●
PRIORITISE	● ● ● ●	● ● ● ●
SET STRATEGY & GOALS	● ● ● ●	● ● ● ●
TRACK	● ● ● ●	● ● ● ●

## Background on The Co-operators

The Co-operators is a Canadian-owned, multi-product insurance and financial services co-operative. Founded in 1945 by a group of farmers in the Canadian province of Saskatchewan, The Co-operators is now owned by 44 other member co-operatives and credit unions. Headquartered in Guelph, Ontario, The Co-operators employs 4,992 people across Canada and has over CAD\$44.9 billion in assets under administration. Through its operating companies, it insures over 805,000 homes, 1.3 million vehicles, 38,000 farms, 295,000 business, 629,000 lives and 175,000 employees through its range of insurance products.

## How did The Co-operators come to start thinking about context?

As a co-operative, supporting the development of more resilient and safer communities for its clients and members has always been at the core of how The Co-operators conducts business. The Co-operators' Sustainability Policy defines sustainability as a future state in which individuals, communities, and the economy thrive within the cycles of nature and a healthy society<sup>1</sup>. It believes that operating as a co-operative offers it a unique opportunity to demonstrate leadership in creating a more sustainable future.

In 2005, then President and CEO Kathy Bardswick, along with other senior managers from The Co-operators, heard Dr. Karl-Henrik Robèrt, founder of [The Natural Step](#) speak at an industry conference<sup>2</sup>. Inspired by Dr. Robèrt's message, The Co-operators began to consider how it could begin to move towards a more sustainable future using the Theory of Change developed by The Natural Step<sup>3</sup>. In mid-2007 the Board formally approved the development of a corporate sustainability policy, with its first strategy released in 2008<sup>4</sup>.

<sup>1</sup> The Co-operators (n.d.). Sustainability Policy. Accessed at: <https://www.cooperators.ca/en/about-us/about-sustainability.aspx>

<sup>2</sup> The Co-operators (n.d.). The Natural Step Canada connection. Accessed at: <https://www.cooperators.ca/en/about-us/about-sustainability/strategy/natural-step.aspx>

<sup>3</sup> The Natural Step (n.d.). Our Theory of Change. Accessed at: <http://www.naturalstep.ca/theory-of-change>

<sup>4</sup> The Co-operators (n.d.). Our sustainability journey. Accessed at: <https://www.cooperators.ca/en/about-us/about-sustainability/strategy/sustainability-history.aspx>

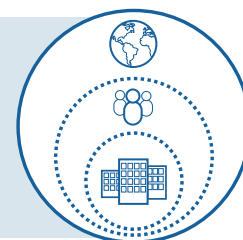
## What does context look like at The Co-operators?

### 1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

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The Co-operators has committed to pursue the alignment of its business with the four principles developed by The Natural Step. These conditions state that in a sustainable society<sup>5</sup>:

- Nature is not subject to systematically increasing concentrations of substances extracted from the earth's crust;
- Nature is not subject to systematically increasing concentrations of substances produced by society;
- Nature is not subject to systematically increasing degradation by physical means; and
- People are not subject to conditions that systematically undermine their capacity to meet their needs.

The Co-operators acknowledges that its business, the communities it operates within, and the global economy all must exist within the closed system of Earth<sup>1</sup>. It also acknowledges that the capacity of the Earth to continue to provide resources is threatened by the degradation of natural and social systems and that there is a socio-economic foundation below which no human should be allowed to fall.

GHG emissions: While The Co-operators acknowledges that climate change presents a risk to its own operations and to the lives of its clients, it currently only acknowledges the importance of measuring and understanding its GHG emissions<sup>6</sup>. While a net zero emissions goal aligns with the principles set out by The Natural Step, The Co-operators has not explicitly articulated that this constitutes its commitment to operate within the limits of the threshold<sup>7</sup>. The Co-operators has launched a program called "Carbon Neutrality", which engages and encourages its financial advisor network to become carbon neutral<sup>6</sup>.

Wages: The Co-operators joined the [Living Wage Employer](#) program at a Leader level in November 2015, committing to paying a wage that meets the requirements of a local living wage<sup>7</sup>. A local living wage is described as the estimated hourly joint income that two full-time parents would need to raise a family of two children in their community<sup>8</sup>. The rate may differ from community to community due to the local costs of living.

<sup>5</sup> The Natural Step (n.d.). The Four System Conditions of a Sustainable Society. Accessed at: <http://naturalstep.ca/four-system-conditions>

<sup>6</sup> The Co-operators (2016). 2016 Annual Integrated Report. Accessed at: [http://www.cooperators.ca/en/About-Us/corporate-overview/annual-reports.aspx?utm\\_campaign=integrated-report&utm\\_source=agm&utm\\_medium=print](http://www.cooperators.ca/en/About-Us/corporate-overview/annual-reports.aspx?utm_campaign=integrated-report&utm_source=agm&utm_medium=print)

<sup>7</sup> The Co-operators (2015). 2015 Sustainability Report. Accessed at: <https://www.cooperators.ca/en/about-us/about-sustainability/annual-sustainable-reports.aspx>

<sup>8</sup> The Co-operators (2015). Press Release: The Co-operators certified as a Living Wage Employer. Accessed at: <http://newsreleases.cooperators.ca/2015-11-06-The-Co-operators-certified-as-a-Living-Wage-Employer>

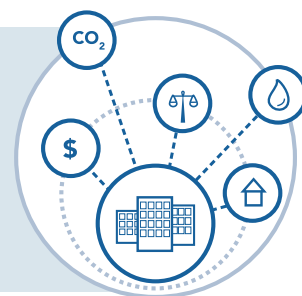
Other thresholds: The Co-operators acknowledges the importance of other socio-ecological issues including waste (paper), economic resilience, and impact investing but does not yet discuss them from the perspective of adhering to thresholds.

## 2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

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The Natural Step framework underpins The Co-operators' prioritisation process; however, the overall approach is still a stakeholder driven process and therefore aligned with what we would describe as a "classic" approach to materiality.

GHG emissions: The Co-operators prioritises this ecological issue because climate change is having a growing impact on financial markets, client losses resulting from extreme weather events, and investment returns across asset classes<sup>6</sup>. In combination, these present The Co-operators with both risks and opportunities that it will need to actively manage<sup>6</sup>.

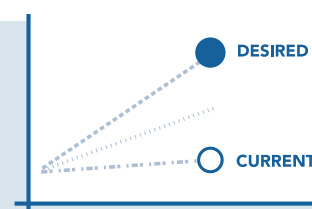
Wages: The Co-operators aims to contribute towards building a more equitable and inclusive society where people's standard of living enables them to thrive and as such The Co-operators is committed to paying its staff a living wage to support this aim<sup>8</sup>.

## 3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

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GHG emissions: The Co-operators has committed to reduce its net carbon emissions by 75% below the 2010 base year by 2018 and to achieve net zero GHG emissions by 2020<sup>8</sup>. Within its 2015 Sustainability Report, The Co-operators clearly outlines how its current GHG emissions performance helped it achieve its 2015 GHG emissions goal along with the reductions required to achieve its 2018 target but has yet to indicate how it plans to achieve its 2020 net zero commitment<sup>9</sup>. While The Co-operators launched its "Carbon Neutral Program" for its financial advisor network as a way to engage and encourage them to become carbon neutral but has yet to set itself a goal associated with this program<sup>6</sup>.

**Wages:** The Co-operators is a member of The Living Wage Employer program<sup>8</sup>. As such, living wage values are calculated by local committees, which include community and business leaders, citizens, academics, and government representatives that make use of the [Canadian Living Wage](#) framework. These committees are co-ordinated by a non-profit called [The Living Wage for Families](#). The Co-operators does comment that over 99% of its employees are paid more than the Living Wage calculated for the areas in which it operates<sup>6</sup>.

**Other thresholds:** The Co-operators has not yet set contextual goals in relation to any other thresholds.

## 4 Transparently TRACK performance against realistic trajectory targets.

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**GHG emissions:** With respect to its long-term net zero GHG emissions goal, The Co-operators set an interim trajectory target of a 75% reduction by 2018. Within its 2015 Sustainability Report, The Co-operators has produced a visual summary that accounts for the GHG emission reduction that it has already achieved, where it currently is in relation to its 2018 target, and what is still required to meet the 2018 target. It has yet to disclose how it is planning to achieve its 2020 net zero commitment, or if it will be setting metrics that could be used to assess its influence in helping its value chain or customers in adhering to the limits of this threshold.

**Wages:** The Co-operators does not currently report on its progress against this threshold or set a realistic set of trajectory targets that could be used to monitor its performance against its rollout of a living wage within the organisation or its determination of what constitutes a living wage in the cities in which it has offices.

**Other thresholds:** The Co-operators reports its performance on other socio-ecological issues including waste (paper), economic resilience, and impact investing but not against contextual goals.

## What is the road ahead for context at The Co-operators?

The launch of its 2015-2018 Strategy led The Co-operators to focus on integrating sustainability into the wider corporate strategy including embedding sustainability into its business decision-making, actions, and processes<sup>4,9</sup>. The Co-operators has recognised the importance of socio-ecological thresholds and is working to embed this thinking into how it operates. The next step for this co-operative will be to identify and clearly articulate which thresholds are most relevant to its business and for it to set clear goals and targets to operate within these thresholds.

<sup>9</sup> The Guelph Mercury (2015). Guelph and Wellington employers make commitment to paying living wage to employees. Accessed at: <http://www.guelphmercury.com/news-story/6085357-guelph-and-wellington-employers-make-commitment-to-paying-living-wage-to-employees/>