



Principles for Sustainable Insurance

2020 ANNUAL DISCLOSURE



Sustainable development at Desjardins Insurance¹

At Desjardins Insurance, we believe it's our duty as an insurer to place sustainability and social responsibility at the heart of what we do. As part of the cooperative financial institution Desjardins Group, we share the organization's cooperative values and vision.

Through our property and casualty (P&C) insurance, life and health insurance, and wealth management offerings, our products and services cover the full range of our members' and clients' financial needs and are designed with a special focus on environmental, social and governance (ESG) criteria.

In 2019, we signed on to the Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme Finance Initiative (UNEP FI) as a way to confirm our commitment to incorporating sustainable and responsible practices into our business operations.



¹ Desjardins Insurance is composed of 2 Desjardins subsidiaries: Desjardins Financial Security for life and health insurance and Desjardins General Insurance Group for property and casualty insurance.

Principle 1

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

Integrating ESG factors into our corporate strategy

N In 2020, Desjardins Group revised its Sustainable Development Policy to incorporate ESG factors into all of its operations, and we adopted this policy at Desjardins Insurance. (See section Responsible finance on page 82 of the Social and Cooperative Responsibility Report (SCRR)).

- The ESG Steering Committee, composed of 14 vice-presidents and directors, makes recommendations on ESG issues directly to decision-making bodies. Once adopted by the management committee and board of directors, these recommendations become Desjardins's official position.
- We implement the positions that the ESG Steering Committee approves regarding the sectors we insure and invest in. (See the message from the chair on page 13 and section Climate-related financial disclosure on page 42 of the SCRR.)
- We follow established responsible procurement practices. (See section Socioeconomic leadership on page 80 of the SCRR.)

N We've incorporated the Principles of Sustainable Insurance into our strategic planning initiatives and will monitor our progress through the governance process.

N Some of Desjardins Group's new commitments in 2020 include:

- Signing the Tobacco-Free Finance Pledge
- Signing the United Nations Women's Empowerment Principles
- Joining the Powering Past Coal Alliance
- Signing the Canadian Investor Statement on Diversity & Inclusion
- Joining the Partnership for Carbon Accounting Financials

Climate change risk management

N We conducted a qualitative analysis of the risks associated with climate change. (See section Climate-related financial disclosure on page 45 of the SCRR.)

N We participated in the UNEP FI's PSI Task Force on Climate-Related Financial Disclosures pilot alongside 21 other insurers from around the world to develop guidance for assessing the financial impact of climate-related risks. The Canadian work group looked at changes in flood risk. The [final report](#) was published in January 2021.



Asset management

- Our investments are managed by Desjardins Global Asset Management (DGAM), a Desjardins subsidiary and signatory to the Principles for Responsible Investment (PRI). To learn more about DGAM's approach to [responsible investment](#) and shareholder engagement, see the [2019 Report on Responsible Investment](#) and section Responsible finance on page 89 of the SCRR.
- We exceeded our 2020 carbon footprint reduction target for our own investments. Our goal was for our publicly traded portfolio (stocks and corporate bonds) to have a carbon footprint that is 25% lower than index averages. We ended the year 32% lower. (See section Climate-related financial disclosure on page 49 of the SCRR.)

Responsible management practices

- We set a greenhouse gas emissions reduction target for our operations and paper consumption. (See section Reducing our environmental impact on page 36 of the SCRR.)
- **N** We ran campaigns encouraging members and clients to choose electronic statements over paper ones to reduce their environmental impact and make their lives easier.
 - Clients with an online account were automatically switched to our Paper-free option. The initiative's success rate was over 90%!
 - We partnered with Tree Canada to plant 1 tree for every new registration for Online Services. As a result, we will plant 52,578 trees in June 2021.

- We're upgrading our IT assets by migrating a part of our core business systems to the Microsoft Azure cloud. We started in 2019 and plan to finish by 2024. This project should cut our annual greenhouse gas emissions by 261 metric tons of CO₂ equivalent—comparable to the emissions from 110,000 litres of automotive fuel.
- We're gradually replacing our automobile fleet with electric vehicles. The bulk (85%) of this organization-wide change will happen at Desjardins Insurance. As at December 31, 2020, we had 504 vehicles across Canada, including 143 hybrid, plug-in hybrid or electric vehicles (28% of our fleet). With vehicles replaced every 4 years, we'll gradually close in on 100%.
- Desjardins is rated one of the top employers in Canada when it comes to work/life balance, skill development and diversity. (See our employer distinctions and awards on page 98 of the SCRR.)

To learn more about benefits, healthcare, work/life balance and skill development, see section Employees on page 97 of the SCRR.

To learn more about our diversity and inclusion initiatives, see section Diversity and inclusion on page 91 of the SCRR.

Responsible business practices

Accessible services

We care about social inclusion and understand that there are barriers preventing people with physical, cognitive and functional limitations from finding the information they need about insurance products. That's why we've made sure all our online platforms comply with local accessibility standards for users all across Canada.

Transparency at the core of our communications

- **N** During the pandemic, we proactively contacted over 100,000 members and clients with job loss insurance.
- We continued to simplify client documents and policies to make sure they're clear and easy to understand.
 - **N** We added personalized inserts explaining the free assistance services that come with our insurance policies.
- We developed needs-based marketing materials for advisors, members and clients.

Member/client experience

- **N** We expanded our credit insurance offer and support to meet members' and clients' changing needs.
- As a champion of financial literacy, we continued to provide support for group retirement savings, including enhanced retirement planning.
- To learn more about our initiatives regarding member/client satisfaction, see the Member/client experience management practice on page 33 of the GRI Index.

Responsible products and services

Property and casualty insurance products

- Up to 10% off for LEED-certified homes
- Up to 20% off for electric, hybrid and fuel-efficient vehicles

Savings and investment insurance solutions

- N** Our SocieTerra funds and portfolios are now free of oil production and pipeline holdings.
- N** We added 2 new SocieTerra portfolios to our guaranteed investment fund lineup to better meet the needs of our clients.
- N** We launched the 5-year Guarantee Advantage® – ESG Global Diversified market-linked term investment, a basket of 20 securities from socially and environmentally responsible companies, including leaders in the renewable energy sector.
- We're the only insurer to offer ESG portfolios in our group retirement savings lineup, which includes 4 ESG options: 2 funds and 2 portfolios.

Improving access to insurance and closing the insurance gap

- We're making basic insurance coverage more accessible with affordable prices and no medical exam for products like Accirance Select accident insurance and 50+ Life Insurance, and an advice centre featuring helpful articles like *Life insurance can be affordable*.
- We offer a life annuity designed for people with a critical illness and a reduced life

expectancy. Payments are higher than conventional life annuities to help them face their illness with dignity and preserve their quality of life.

- We offer affordable auto insurance for young drivers and [tips to help them save money](#).
- Our members and clients get free assistance services, including medical assistance while travelling, psychological support services, clear legal information and in some cases, roadside assistance.
- We developed Visitors to Canada Insurance, a special product that covers healthcare and emergency medical services for newcomers to Canada.

A fast, streamlined and user-oriented claims process

Our claims process is quick and efficient to help members and clients when they need it most.

- We've simplified our processes and made more available online so members and clients can stay home and get answers quickly:
 - N** We cut claims processing times and updated our travel insurance lineup during the pandemic.
 - N** In 2020, we completed nearly 10,000 vehicle damage appraisals using our photo-based estimate feature, saving our members and clients a trip to the auto body shop.
 - N** We also added new features to our apps so clients can view the latest information on their home insurance claims, which facilitates follow-up.
- We revamped some processes for urgent situations, including eliminating wait times in cases of critical illness and coming up with custom solutions for natural disasters.

Our priority: Helping our members and clients

During the pandemic, we provided advice and relief measures so our individual and business members and clients could prioritize their well-being and that of their loved ones—all while keeping their budget and financial goals on track.

- N** Since most Canadians were driving much less and the number of auto insurance claims dropped significantly, we decided to refund over \$155 million to auto insurance policyholders across the country.
- N** Some of our relief measures include premium payment deferrals for individual members, prescription extensions, lower dental premiums and the option to maintain group insurance benefits in the event of a job loss.
- N** We offer access to a wide range of support services for clients, such as a counselling service and access to nurses to answer health questions.
- N** We partially reimbursed premiums for annual travel insurance. In total, we refunded \$3.3 million to over 22,000 travel insurance policyholders.
- N** We expanded our financial literacy initiatives for members, clients and advisors to help them through this difficult time by adding videos, updated interactive webinars and articles on market volatility and budget management.
- N** We added several other measures to help our members and clients navigate the impacts of the COVID-19 pandemic, such as increasing the coverage limit for teleworkers, temporarily relaxing vehicle storage rules and adding payment flexibility.

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.

Initiatives for members and clients

We put members and clients first by developing and using different tools and channels to empower them financially, educate them about risk prevention, help them better protect themselves and encourage them to adopt healthy lifestyles.

Ongoing dialogue for prevention and education

- We've developed a range of communication initiatives, including **blogs and newsletters** where we share information about preventing home and auto claims, with a focus on weather events and natural disasters.
- We use our various platforms to publish **advice on health management, financial empowerment and stress reduction**, with articles targeted to our group insurance plan members, our other members and clients, and the general public. We provide reliable information on financial well-being, interactive tools to help people empower themselves, and one-on-one phone support to help them lead healthier lives.

N We ran the Start the Year on the Right Foot contest to encourage group retirement savings plan members to take steps to achieve **financial wellness**.

N We added 2 new webinars, **Government pension benefit programs and Converting your savings into retirement income**, to the online Education Centre to teach plan members about the Canadian retirement system. Other webinars explore the topics of budgeting, managing debt and investing.

N We publish **information about responsible investment**.

N We raise awareness about charities and their needs, especially during the pandemic, and how **planned giving** strategies can help achieve philanthropic goals.

Solutions with real results

As part of a cooperative financial group, we make a point of developing innovative tools and practices to help members and clients manage risk and find concrete solutions.

Taking steps to prevent loss and injury risks

- We offer the Desjardins Insurance Home-Auto app for our members and clients with features like Radar™, Alert™ and Ajusto®.
 - With **Radar™**, policyholders get a notification when severe weather is in the area so they can prevent damage to their home and property.
 - With **Alert™**, policyholders get a free water and freeze detector for their home that sends alerts to their smartphone so they can limit the damage.
 - With **Ajusto®**, drivers get feedback sent right to their smartphone, which helps them improve their driving and make the roads safer.

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Taking steps to encourage health and wellness

- In our group insurance sector, we offer plan members a **program to promote better sleep quality**. It includes videos, a survey, educational resources and therapy sessions to help them sleep better, potentially helping with any associated health problems.
- All Desjardins Group employees and their families have access to an **employee assistance program**. The program offers confidential assistance and problem-solving services, including counselling in person, by phone or online for personal, relationship or family problems or problems at work.
- We also provide a **telemedicine service** to our plan members and their families, giving them anytime access to online healthcare.

N We made it easier to access **healthcare professionals** by adding to the categories of professions that accept **virtual consultations**.

N We made mental healthcare more accessible to group insurance plan members by adding **internet-delivered cognitive behavioural therapy** to several types of insurance. This psychotherapy treatment is the most studied and clinically proven treatment for mental health disorders like depression, anxiety and insomnia.

N We launched the **Healthy Weight program** for group insurance, a unique approach that goes straight to the source, tackling several factors at once to help employees manage their weight in a realistic and sustainable way.

N We partnered with **Les Impatients** to offer creative workshops to clients on long-term disability because we recognize the benefits of art on mental health.

Taking steps toward financial empowerment

- We curate **personalized educational videos so group retirement savings plan members** can simulate savings scenarios and make informed decisions to make retirement more accessible.
- We make **tools and materials available to employers** so they can track employee enrolment in their pension plans and encourage people to develop retirement plans.

To learn more about our financial empowerment initiatives, see page 65 of the SCRR.

Partner initiatives

- We were one of the first in the industry to incorporate ESG factors into fund selection on our group retirement savings platform. Employers and consultants can use the fund valuation and rating framework.
- N** We launched the Desjardins Responsible Investment (RI) certification program to teach advisors how RI can help members and clients reach their financial objectives and have a positive impact on the environment and communities.
- We created tools and materials to support financial empowerment and health for our sales force and partner networks.

Supplier initiatives

Responsible business relationships

- N** We incorporated ESG criteria into the reinsurer selection process.
- To better communicate our sustainability expectations to suppliers, we have a [Supplier centre](#) on Desjardins.com with a section on responsible procurement.
- We have a [Desjardins Group Supplier Code of Conduct](#) to clearly convey our expectations for ESG factors and responsible procurement.
- Our assessment of suppliers' overall performance takes into account ESG performance throughout the procurement process.

To learn more about our responsible procurement efforts, see the Responsible procurement section on page 80 of the SCRR.



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.

Collaborating and dialoguing with governments and industry stakeholders

- N** Desjardins provided input to the Capital Markets Modernization Taskforce, a work group set up to review and modernize Ontario's capital markets with recommendations regarding diversity and ESG disclosure.
- N** The Autorité des marchés financiers (AMF) held discussions on the issue of vulnerable people with the Canadian Life and Health Insurance Association (CLHIA) and sought Desjardins's advice to help understand it from a financial services cooperative's point of view. We also helped the AMF develop a guide for protecting vulnerable clients.
- N** We worked with Canadian insurers that are PSI members and other key players in the insurance industry to establish industry priorities and develop a roadmap for implementing recommendations from the expert report on sustainable finance.
- N** We were part of the GFIA Climate Change Working Group with the CLHIA.
- N** With health and wellness needs becoming more pressing than ever on a global scale, Desjardins is proud to have helped the Bureau de normalisation du Québec and the Healthy Enterprises Group revise the

Healthy Enterprise standard, which has been recognized as a National Standard of Canada by the Standards Council of Canada. This is the only standard in the world that provides employers with a voluntary, structured approach to creating and maintaining workplaces that promote health and wellness.

- N** The president of DGAM has been appointed a member of the Canadian Coalition for Good Governance's Environmental & Social Committee, which is tasked with providing best practices guidance on E&S risk matters through a governance lens.
- We use Catastrophe Indices and Quantification Inc. to quantify the impact of natural catastrophes on the insurance sector.
- We participated in work on flood insurance and climate change with the Insurance Bureau of Canada.
- We're an active member of the Institute for Catastrophic Loss Reduction.
- DGAM is a member of the Sustainability Accounting Standards Board, an independent non-profit organization that sets standards for the disclosure of financially material ESG information by companies to their investors, and the Global Real Estate Sustainability Benchmark, a private for-profit organization that assesses the ESG performance of real assets.

- We're actively involved in the industry in the fight against insurance fraud to reduce fraud and the adverse effects on victims through the following collaborations:
 - Member of the board of Canadian National Insurance Crime Services since its founding in 2015
 - Chair of the Insurance Bureau of Canada's Industry Insurance Crime Advisory Group

Involvement and partnerships with community associations and organizations, universities and research institutes

Helping people in need

- Every year, we run the Desjardins Cares and Shares campaign to benefit the United Way, the Desjardins Foundation and the Red Cross.
- We created the Desjardins Disaster Relief Fund to support our members and clients who are affected by disasters not covered by their property and casualty insurance.
- We also run a P&C Insurance Outreach Program, which values, encourages and promotes volunteer and charitable work by our employees.

To learn more about our donation and sponsorship programs, see section Support for local communities on page 21 of the SCRR.

Joining forces to help enrich the lives of people and communities

- **N** We're the first insurance and employee benefits provider to join Obesity Canada's FOCUS partnership program, which leverages resources from Canadian leaders in research, business and the public sector to fund obesity research, education and advocacy initiatives.
- **N** We partnered with Parachute and the Traffic Injury Research Foundation on a national road safety campaign to reduce the number of collisions and to prevent injury and death in road accidents caused by distracted and impaired driving as well as new vehicle technologies, in the best interest of the community.
- We've been partnering with Opération Nez rouge to run a road safety campaign for 36 years.
- We support the Traffic Injury Research Foundation, whose goal is to reduce the number of traffic-related injuries and deaths by educating people about road safety and promoting good driving strategies and behaviours.
- We partner with organizations like the Heart and Stroke Foundation and the Canadian Cancer Society to promote healthy lifestyle habits at public events.
- We work with the Canadian Mental Health Association and the Psychology Foundation of Canada to promote work/life balance.

- We've also partnered with the Healthy Enterprises Group, whose mission is to create a movement to provide workplaces that promote employee health and safety.
- **N** We've participated in a number of events as panelists and speakers to inform and raise awareness in the financial community about:
 - Responsible investment at a round table broadcast by the Association of Canadian Pension Management
 - The link between diversity and performance during a webinar with the editor-in-chief of Avantages, a French-language magazine and website about retirement, health and investment for employers
 - Our holistic approach to financial wellness, which balances immediate and retirement savings needs, at the DC Plan Summit organized by Benefits Canada
 - Mental health during Plan Sponsor Conference and the Mental Health Summit hosted by Benefits Canada

A group of children and an adult are in a field. In the foreground, a young girl in a light blue shirt and denim overalls is looking through a magnifying glass. Next to her, another girl in a plaid shirt is writing in a spiral notebook. In the background, other children and an adult with a beard and glasses are visible, some looking at plants. The scene is outdoors with tall grass and trees.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

We are aware of the importance of transparency in disclosure reporting. This report, which summarizes the measures we're taking to gradually integrate ESG criteria into our business operations, is available on the [UNEP FI website](#) and on [Desjardins.com](#).

Desjardins Global Asset Management and Desjardins Investments Inc. are partners of Desjardins Insurance and signatories to the Principles for Responsible Investment. Every year, they disclose their investment practices according to the PRI framework.