

definity.



2022

Environmental, Social, and
Governance (ESG) Report

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CAUTIONARY STATEMENTS ABOUT FORWARD-LOOKING INFORMATION

This report contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future business, our ESG outlook, and anticipated events or results, and may include information regarding our business strategies, addressable markets, operations, workforce, governance, climate-related risks and opportunities, investments, plans and objectives. In particular, information regarding our expectations about future ESG results, performance, achievements, prospects or opportunities, and the communities and markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “goals”, “commitments”, “promises”, “expects”, “estimates”, “strategy”, “intends”, “anticipates”, “believes”, or variations of such words, and phrases or statements that certain actions, events or results “may”, “could”, “would”, or “will”. In addition, any statements that refer to expectations, intentions, plans, projections or other characterizations of future events, achievements or circumstances contain forward-looking information. These include, among other things, statements concerning emissions and diversity. Statements containing forward-looking information are not historical facts or promises of future performance but instead represent management’s expectations, estimates and projections regarding possible future events or

circumstances. Certain statements made in this report use a greater number and level of assumptions and estimates, and are over longer time frames, than many of our required disclosures under applicable laws. These assumptions and estimates are highly likely to change over time.

Despite our careful preparation and review of the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions which are the basis of such information will prove to be correct. Forward-looking information is based on opinions, estimates and assumptions that we considered appropriate and reasonable as at the date such statements are made, and is subject to many factors that could cause our actual results, performance or achievements, or other future events or developments, to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: climate change dynamics; the availability of comprehensive and high-quality GHG emissions data; the evolution of ESG reporting standards and mandatory reporting requirements; economic and investment market conditions; the need for active and ongoing engagement with stakeholders, including businesses and governmental and non-governmental organizations; the development and deployment of new technologies and industry-specific solutions; evolutions in customer, community and other

stakeholders’ expectations; labour market demographics and competition; our ability to recruit, retain and develop employees; legislative and regulatory developments; our ability to successfully implement various initiatives within expected time frames; and the other factors set out on page 22 of Definity’s [2022 Annual Report](#). These factors are not intended to represent a complete list and there may be other factors that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate; actual results and events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as at the date made and is subject to change after such date; we disclaim any intention, obligation or undertaking to update or revise any forward-looking information, except as required under applicable securities laws in Canada.

The forward-looking information in this report is expressly qualified by the foregoing cautionary statements.



ADDITIONAL INFORMATION REGARDING THIS REPORT

Climate metrics, data and other information contained in this report, including but not limited to information relating to our net-zero related commitments, goals, and targets (including interim targets), financed emissions, and emissions from our own operations, are based on assumptions, estimates and judgement.

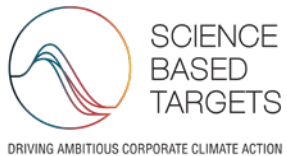
Any commitments, goals and targets discussed in this report, including but not limited to the net-zero related commitments, goals, and targets, as well as our interim targets, are aspirational and may need to be changed as available data improves and as climate science, transition pathways and market practices regarding standards, guidance, methodologies, metrics and measurements evolve.

This report and the information contained within it is unaudited. Ernst & Young LLP (EY) has performed a limited assurance engagement for a select number of performance indicators, and the remainder of the information contained within this report was not subject to the limited assurance engagement. More details about the nature and scope of the engagement with EY can be found on page 68 of this document.

This report details Definity Financial Corporation's environmental, social, and governance (ESG) performance and activities for the 2022 fiscal year (January 1, 2022, to December 31, 2022). All figures reported are as of December 31, 2022, unless otherwise noted. Periodic data is for January 1 through December 31, 2022, unless otherwise noted. All currency is stated in Canadian dollars.

Comprehensive ESG disclosure enables engagement concerning issues that are relevant to our business and to our stakeholders. We use common ESG reporting frameworks and standards to help inform and report on material ESG topics, and we support efforts that will further enable consistent and comparable disclosures across the capital markets and beyond.

We are supporters or members of the following:



Related publications:



[2023 Annual Report](#)



[2023 Management Information Circular](#)



[2022 Public Accountability Statement](#)



[2022 Climate Report](#)



[2021 ESG and Climate Reports](#)



[Sustainability on \[definityfinancial.com\]\(https://definityfinancial.com\)](#)

ABOUT DEFINITY

WE'RE IN IT FOR GOOD

Formed in 2021, Definity Financial Corporation is the parent company to some of Canada's most long-standing and innovative property and casualty insurance companies and brands, including Economical Insurance, Sonnet Insurance, Family Insurance Solutions, and Petline Insurance. By investing in businesses and innovations, the companies in our group help our customers, broker partners, employees, and communities adapt and thrive in a world of constant change.

OUR PURPOSE

Building a better world by helping our clients and communities adapt and thrive

OUR AMBITION

To be one of Canada's leading and most innovative P&C insurers

OUR BRAND PROMISE

Making insurance better

BRANDS



OFFICES



A MESSAGE FROM OUR CEO

In 2022, Definity built on the momentum detailed in our inaugural ESG Report to continue pursuing our purpose: building a better world by helping our clients and communities adapt and thrive. We believe that as a responsible corporate citizen, we must embrace environmental sustainability, foster a culture of collaboration, and invest in the well-being of our communities to create long-term value for all our stakeholders.

Climate change is a defining issue of our time, and one that greatly impacts our clients and business. As part of our role in supporting the transition to a net-zero emissions future and building resilience in society, we have established a goal to achieve net-zero greenhouse gas emissions in our operations and investment portfolio by 2040 or sooner. This year we established a partnership with Bullfrog Power to inject renewable energy onto Canadian power grids and national pipeline network equivalent to Definity's total electricity consumption and total natural gas consumption from owned facilities. Our Sustainable Investment Policy Statement outlines Definity's approach to incorporating ESG factors into the investment process, including restrictions on thermal coal.

As part of our commitment to providing a working environment that reflects our customers across Canada and the values we uphold, we are working toward our goal to increase representation of individuals from equity-deserving groups in leadership roles at Definity. Our objective is to have by 2026 at least 30% of roles at the Vice-President and Executive Leadership Team levels filled by women and at least 15% filled by Black, Indigenous, and People of Colour (BIPOC), LGBTQ+, and/or persons with [dis]abilities. Those targets, and our ESG strategy more broadly, are embedded in our operations and governance processes across the organization and remain a significant priority for our Executive Leadership Team and Board of Directors.

Our commitment to sustaining a deeply inclusive and equitable culture at Definity saw us take great strides in 2022. Not only did our engagement survey results show that 87% of our employees feel they can bring their true selves to work, an increase of six percentage points over last year, but we've also seen the highest ever year-over-year increase in employees joining our employee groups, forums where they can advocate for awareness and identify barriers and opportunities for inclusion.

At Definity, we believe in staying true to our corporate values: we are all owners, we inspire customer confidence, and we work together to win together. In 2022 I personally saw these values come to life through our inaugural Definity CEO Awards. More than 200

nominations came in from across our business demonstrating how our people make an impact on our culture, business, brokers, customers, and community. These stories made it clear to me that every day, in ways big and small, we are living our promise of making insurance better.

As you read more about these initiatives in the pages of this report you will see how our teams are thoughtfully embedding ESG into our business and making an impact in the communities where we live and work.

Thank you.



ROWAN SAUNDERS

PRESIDENT AND CEO



2022 ESG HIGHLIGHTS



OUR PEOPLE

- Maintained high **employee engagement** level at 80%
- 85% of employees surveyed said they have the **flexibility in their work schedule** to meet both work and personal needs
- Increased **inclusion and belonging** index results by 6% year-over-year to 87%, meaning that even more surveyed employees feel they can bring their true selves to work
- Introduced **CEO Awards** to recognize employees living our corporate values – and received more than 200 nominations
- **99%+ of employees own shares** in Definity Financial Corporation
- Continued to co-chair an insurance industry working group on diversity and inclusion, supporting the P&C insurance sector as a destination for **diverse talent**



OUR COMMUNITIES

- Contributed over \$2.9 million in charitable donations, including **\$2.3 million to the Definity Insurance Foundation** to be granted to qualified donees
- Achieved Definity's highest ever levels of **employee engagement** in community giving:
 - More than **2,000 volunteer hours** logged
 - 34% of employees donated to charities through our iCare platform, triggering over **\$75,000 in matching donations** by Definity
- Established an **ethical data usage** framework that includes bias and fairness assessments for applications of AI, machine learning, and other predictive modelling at Definity
- Introduced a new Supplier Code of Conduct that incorporated **ESG factors in vendor selection**



OUR ENVIRONMENT

- Formed research partnerships with two leading Canadian universities to **assess physical risks of climate change** on property insurance portfolios
- Published a **Sustainable Investment Policy Statement** that outlines Definity's approach to incorporating ESG factors into the investment process, including exclusions related to tobacco, controversial weapons and thermal coal
- Established a partnership with Bullfrog Power to inject **renewable energy** onto Canadian power grids and national pipeline network equivalent to Definity's total electricity consumption and total natural gas consumption from our owned facilities
- Achieved a **10% reduction in Scope 1 and 2 greenhouse gas emissions (market-based)** year-over-year, and a 35% reduction relative to 2019

AWARDS AND RECOGNITION

In 2022 Definity received numerous accolades as an employer of choice in our industry, for the way we navigated our transition from a mutual insurer to a publicly held entity, and for leadership across our organization.

We are proud to have received the following organizational and individual recognition:



CANADIAN LAW AWARDS

Banking & Financial Institutions Law
Department of the Year

Capital Markets Deal of the Year

AWARD FOR EXCELLENCE IN BRAND BUILDING

Integrated Marketing & Communications Team received the
Gartner Marketing and Communications Award



RECOGNITION	AWARDING ORGANIZATION	RECIPIENT
CEO Award for Strategist of the Year	The Globe and Mail Report on Business	Rowan Saunders, President and CEO
50 Best Executives in Canada	The Globe and Mail	Philip Mather, Executive Vice-President and Chief Financial Officer
Insurance Business Canada Elite Women Award	Insurance Business Canada	Brigid Pelino, Senior Vice-President and Chief People & Culture Officer
Woman of Distinction	Human Resources Professionals Association	Brigid Pelino, Senior Vice-President and Chief People & Culture Officer
Cloud Pioneer	Guidewire	Tatjana Lalkovic, Senior Vice-President and Chief Technology Officer
Law Department Leader of the Year	Canadian Law Awards	Innes Dey, Senior Vice-President, Legal & Strategy
WXN Top 100 Executive Leaders	WXN	Jane Hung, AVP, Corporate Development

ESG GOVERNANCE AND MANAGEMENT

The proactive management of material ESG issues is an important element of our corporate strategy which creates long-term value for our stakeholders. Given that a variety of ESG topics can materially impact Definity's business operations, the associated risks and opportunities are overseen by the board of directors, both in plenary and through Board committees engaged on specific components of our ESG agenda. For example, the Risk Review Committee of the Board oversees the management of climate-related risks, while the Audit Committee provides oversight over Definity's annual ESG disclosures.

Our Executive Leadership Team (ELT) seeks to ensure that the appropriate ESG factors and initiatives are embedded into Definity's business plans and that key risks and opportunities are managed effectively. The ELT is supported by a cross-functional executive-level ESG Steering Committee, chaired by the Senior Vice-President, Legal and Strategy, which more closely oversees the company's ESG strategies and execution.

A dedicated ESG function within our Corporate Strategy group provides day-to-day oversight, thought leadership, and execution support for our business lines and corporate functions. Several cross-functional groups support the day-to-day development and execution of ESG-related priorities, including but not limited to the following:

ESG Working Group: Chaired by the head of our ESG function, to continually develop, implement, and measure ESG priorities across the enterprise.

Climate Change Working Group: Co-chaired by the heads of our Enterprise Risk and ESG functions, to facilitate progress toward objectives of the enterprise climate change strategy.

Inclusion, Diversity, Equity, and Accessibility Advisory Committee (IDEAAC): Chaired by our Senior Vice-President and Chief Technology Officer, includes chairs of employee groups (EGs) and a variety of business leaders focused on the continual enhancement of our culture of inclusion and belonging.

Definity's commitment to ESG is summarized in an enterprise [Sustainability Policy Statement](#) that is posted on our website.

Definity's approach to incorporating ESG into executive performance management and compensation is detailed in the [2023 Management Information Circular](#).

STRATEGIC OVERSIGHT

BOARD OF DIRECTORS

The Board is responsible for the stewardship of the Company and for supervising the management of the business and affairs of the Company.

Risk Review Committee

Audit Committee

Corporate Governance Committee

Human Resources & Compensation Committee

EXECUTIVE LEADERSHIP TEAM

ESG STEERING COMMITTEE

EXECUTION

ESG FUNCTION

ESG Working Group

Community Investment & Social Impact

Innovation Council

Climate Change Working Group

Inclusion, Diversity, Equity, Accessibility Advisory Committee

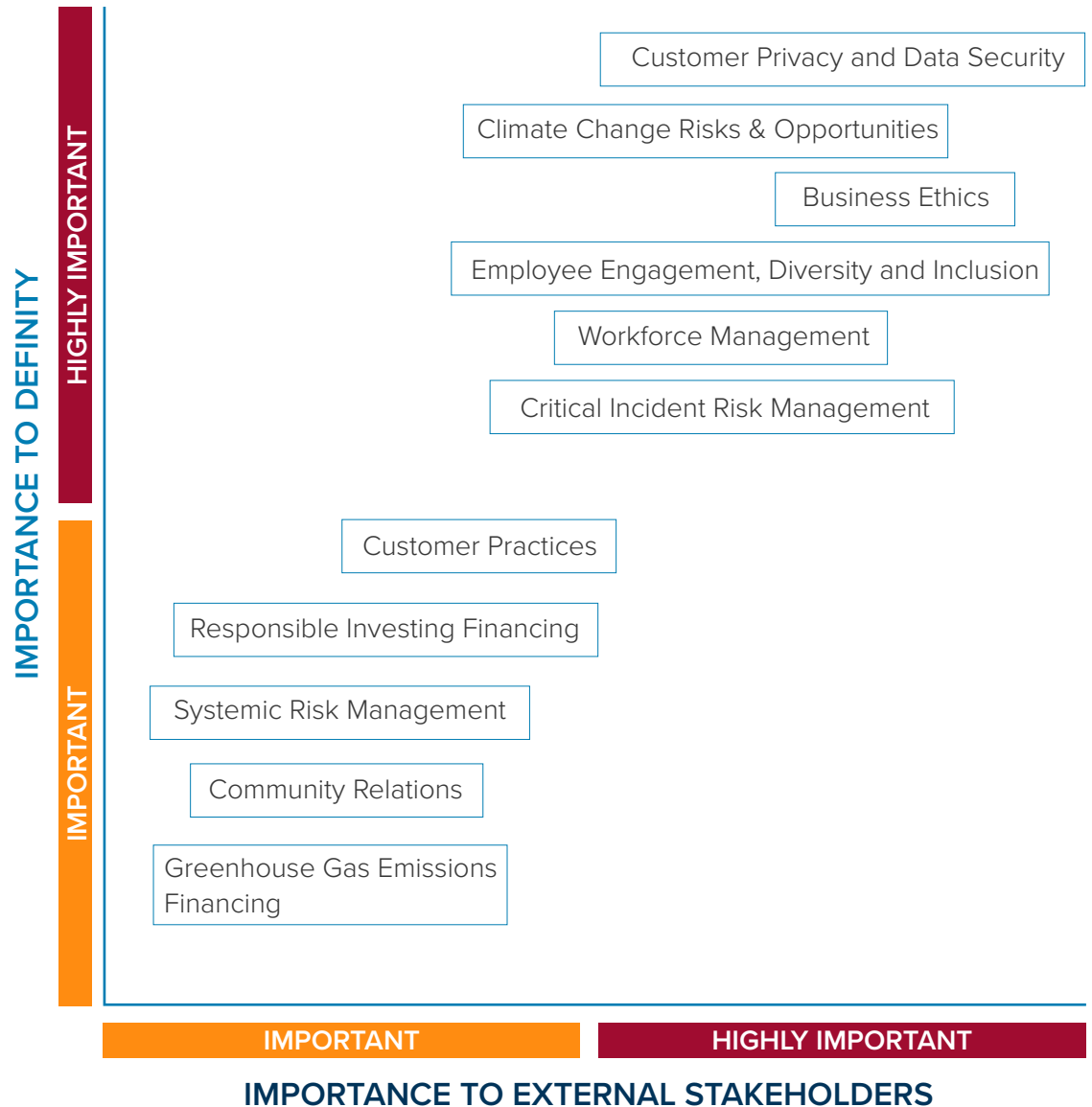
ESG MATERIALITY AND STRATEGY

A process of materiality assessment is used to identify the ESG issues that could influence Definity’s ability to execute on our strategy, financial performance, and valuation. As part of this process, we engage employees, suppliers, brokers, senior management, board of directors, and investors through direct consultation and surveys. We also utilize a third-party service to assess the frequency and importance of material topic mentions in traditional media, social media, peer reporting, regulations, voluntary standards, and frameworks for our sector. The key output of this assessment is the identification of the ESG issues that we consider most material to our business.

We recognize the dynamic nature of our operating environment, which has in recent years propelled issues like health and safety, employee well-being, socio-economic disparities, racial equity, and climate change further up the corporate agenda. We approach materiality as a dynamic concept and regularly monitor ESG issues to assess their potential impact on our business and operations and refine our strategy accordingly.

Our assessment was reviewed and refreshed in early 2023 using a variety of data inputs to reflect the evolving maturity of Definity as a public company and the dynamic operating environment. The matrix below is an updated view of the ESG issues we consider to be most material to Definity.

In the absence of significant or disruptive events, we plan to conduct full materiality assessments biennially.





OUR ESG PRINCIPLES

ACT SUSTAINABLY

We prioritize sustainability considerations, especially those that have the greatest impact. “Doing the right thing” is embedded throughout our business, guiding our decisions and informing our actions.

ACTIVATE EMPLOYEES

We lead by example to create meaningful engagement across our organization. We are authentic and embody our company values through an involved and diverse culture.

INSPIRE POSITIVE CHANGE

We drive action and impact through longstanding and trusted relationships in our communities and around the world. We act as an involved and respectful corporate citizen and encourage our stakeholders to do the same.



OUR ESG PILLARS



OUR PEOPLE

We foster a culture of accountability, empowerment, and collaboration. Our commitment is to create an innovative, high-performing, and inclusive workplace.



OUR COMMUNITIES

We invest in the well-being of our communities to create measurable social impact. Our participation in building strong communities within and outside of our company supports equal access to opportunities and development.



OUR ENVIRONMENT

As a responsible corporate citizen within the insurance industry, we embrace environmental sustainability. We take an active role in managing environmental risks and making informed decisions to protect our environment.

OUR PEOPLE



2022 HIGHLIGHTS



Maintained high **employee engagement** level at 80%



85% of employees surveyed said they have the **flexibility they need in their work schedule** to meet both work and personal needs



Increased **inclusion and belonging** index results by 6% year-over-year to 87%, meaning that even more surveyed employees feel they can bring their true selves to work



Introduced **CEO Awards** to recognize employees living our corporate values – and received more than 200 nominations



99% of employees own shares in Definity Financial Corporation



Continued to co-chair an insurance industry working group on diversity and inclusion, supporting the P&C insurance sector as a destination for **diverse talent**

SUPPORTING A CULTURE OF INCLUSION, DIVERSITY, EQUITY, AND ACCESSIBILITY

Definity is focused on building a dynamic, inclusive, high-performance culture where everyone feels a sense of belonging. We know that diversity makes us stronger, so we aim to attract and nurture the best and brightest from a wide variety of backgrounds and lived experiences. IDEA — inclusion, diversity, equity, and accessibility — is everyone’s job at Definity.

IDEA LEADERSHIP AND ENABLEMENT

Definity’s commitment to IDEA is demonstrated by the ongoing involvement of its senior executives. Rowan Saunders, our President and CEO, is our executive sponsor for inclusion, diversity, equity, and accessibility. He is also a mentor to the Chair of our Inclusion, Diversity, Equity, and Accessibility (IDEA) Advisory Committee.

The members of IDEA Advisory Committee reflect diversity across positional levels, business units, regions, and backgrounds. Several of our senior executives are sponsors and ongoing participants in IDEA Advisory Committee. All other members of our ELT are mentors to/Chairs of our employee groups, while our employee group Chairs serve as reverse mentors to our ELT on IDEA-related matters.

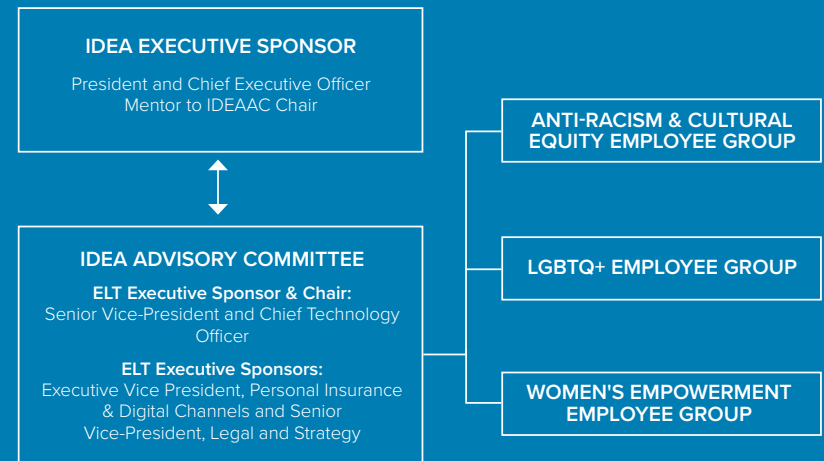
Our 2022 Leadership Essentials training program included a leader-led panel that featured content around IDEA, what leaders can do to support employees in the workplace and how to disrupt bias in the employee lifecycle. The High Performing Leader program for managers and directors included IDEA-specific content on how to recognize biases and blind spots in the feedback and coaching process.



IDEA GOVERNANCE

The following IDEA governance structure is in place to provide oversight on inclusion, diversity, equity, and accessibility initiatives across the organization.

- Oversight provided by Advisory Committee of cross-functional employees including Chairs of employee groups
- President and CEO is overall Executive Sponsor for IDEA and Mentor to IDEA Advisory Committee Chair, while IDEA Advisory Committee Chair is Reverse Mentor to President and CEO
- Employee group Chairs have an ELT Mentor and are Reverse Mentors to ELT Mentors



OUR COMMITMENT TO EQUAL OPPORTUNITY

The principles of inclusion, diversity, equity, and accessibility are core to Definity's culture and values and are essential to meeting our business objectives now and in the future. The company's HR policies are designed to support fairness and merit in decisions pertaining to employees and potential employees and to promote a culture of diversity and inclusion.

This commitment is designed to avoid discrimination in hiring or promotion decisions. Provincial human rights legislation forms the foundation for the equal opportunity policy and its basic principles:

- Employment decisions are made based on individual merit and ability
- Each individual is treated with dignity and respect
- Action is taken to eliminate discrimination and harassment
- Barriers that prevent people from having a fair chance to participate and succeed in the workplace are identified and removed

Definity believes that this policy will help the company meet future challenges by:

- Creating a work environment that is based on fairness and merit, allowing us to attract and retain employees in an increasingly competitive skilled labour market
- Providing an atmosphere where everyone can work to their full potential, improving our productivity
- Creating an environment that respects individuals and values differences, ensuring that we can provide excellent service to an increasingly diverse customer base



REMOVING AND PREVENTING BARRIERS TO ACCESSIBILITY

At Definity, we strive to meet the needs of our customers, partners, and employees with disabilities, and are actively working to remove and prevent barriers to accessibility. We seek to ensure that the services we provide are accessible by people with disabilities and comply with relevant accessibility legislation, and we have developed inclusive policies and procedures in our Accessibility Plan and Accessibility Policy.

These policies and procedures are regularly monitored and reviewed with a view to ensuring access and accommodation for persons with disabilities.

We have integrated accessibility initiatives in the following domains:

Serving customers with disabilities: We provide training to staff on accessibility standards and accessibility as it pertains to persons with disabilities. We have established processes for customers to provide feedback or request accommodation through channels including telephone, TTY service, email, and postal mail. Through these, we receive customer requests to supply alternative formats and work with requesting customers to provide solutions intended to meet their needs.

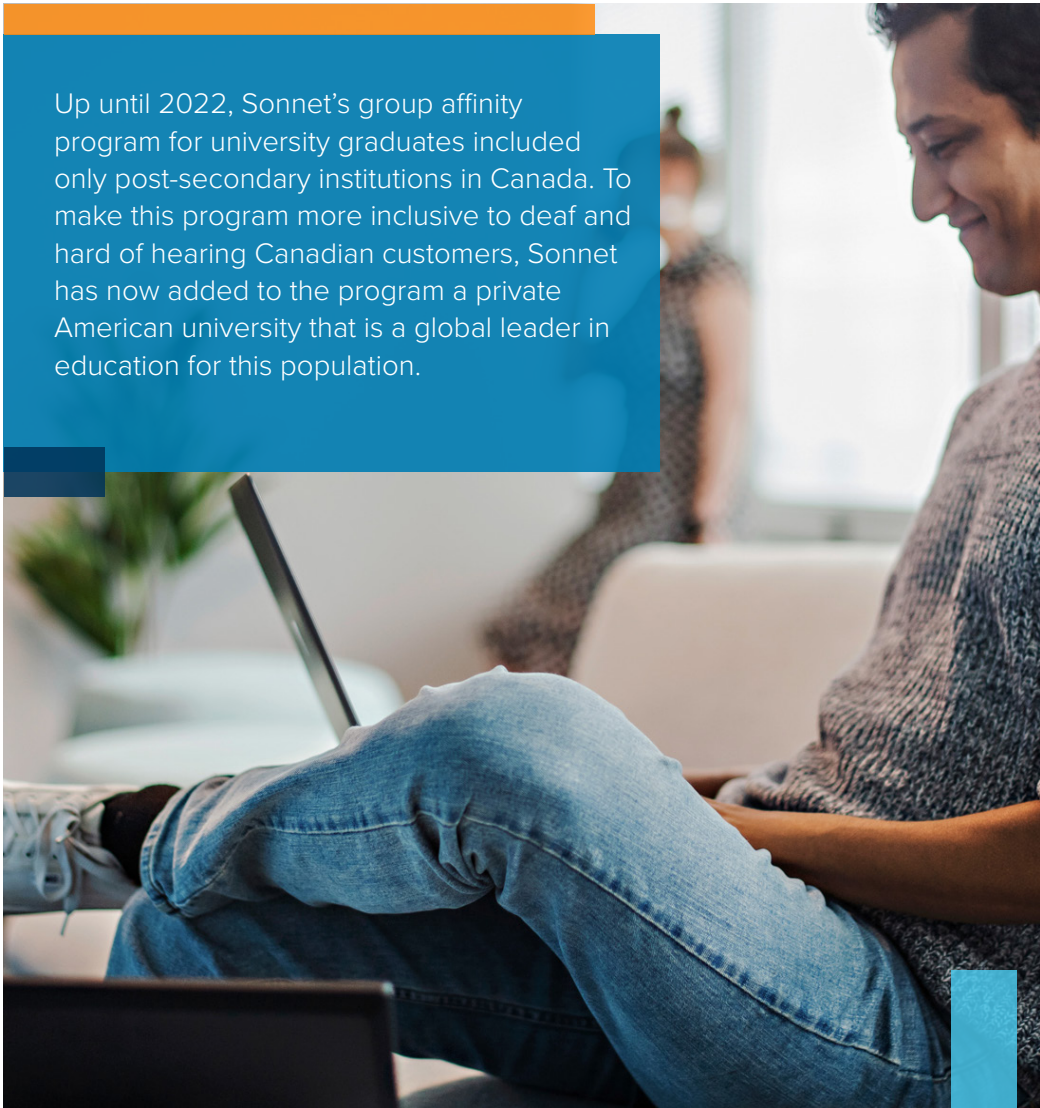
Information and communication: Our goal is to meet or exceed the communication and information requirements of people with disabilities. We do this by providing user experience and accessibility reviews and consultation through a dedicated internal resource responsible for ensuring all external digital messaging and customer facing user interfaces are rigorously tested to comply with the Web Content Accessibility Guidelines (WCAG) standard, and extensive testing using assistive technology devices on digital properties to confirm compliance. We have also established an internal standard for all digital properties to deliver an experience that is accessible to users. We conduct internal training for our developers, designers and content created to meet the WCAG standard.

Training: We provide accessibility training to all new employees via an online training platform. We continue to develop learning modules for customer-facing roles to address specific accommodation requests and customers with diverse needs.

Employment: We are committed to being an inclusive and accessible employer. We have implemented individual workplace emergency response plans and standards for employees with disabilities. With respect to recruitment, we are committed to providing individual accommodation to applicants with disabilities throughout the recruitment process. We consider accessibility accommodations and updates to individual accommodation plans when undertaking performance management and providing career development and advancement opportunities to employees with disabilities.

Procurement: Our goal is to ensure that our procurement processes prevent barriers to accessibility. Our procurement process includes accessibility checkpoints for digital and physical products and services, where applicable.

Design of public spaces: Definity is committed to ensuring its buildings are safe and accessible. In addition, we also have plans in place to address the diverse accessibility needs of our customers and partners during times of service disruption. Internally, we have launched an accessibility working group to oversee the implementation and updating of our Accessibility Plan.



Up until 2022, Sonnet's group affinity program for university graduates included only post-secondary institutions in Canada. To make this program more inclusive to deaf and hard of hearing Canadian customers, Sonnet has now added to the program a private American university that is a global leader in education for this population.

EMPLOYEE DEMOGRAPHICS

Our first employee demographics census was conducted in 2021 and included a diversity index, an inclusion index, and voluntary self-identification questions on employee demographics. In total, 63% of our workforce completed the census in full, which gave us an improved understanding about our employee population and how it reflects the communities we serve. Our employee census is completed biennially, and our next census will take place later in 2023.

At the end of 2022, we implemented voluntary self-disclosure options for employees to confidentially identify personal demographic details in our Human Resource Management System, including gender identity, sexual orientation, racial/ethnic background, religion, and disability status. While recognizing that comfort with self-disclosure will vary by employee, Definity is working to achieve a statistically valid response rate for these options, and we intend to use this data to inform our IDEA strategy and disclosure in the future.

2026 DIVERSITY TARGETS

Our objective is to have at least 30% women and at least 15% Black, Indigenous, People of Colour (BIPOC), LGBTQ+, and/or persons with [dis]abilities at the Vice-President and Executive Leadership Team levels by 2026.

The Board of Directors has committed to a Board in which women and men each represent at least 30% of all directors and has targeted that by Definity's annual meeting in 2026 at least one director identifies as BIPOC, LGBTQ+, or a person with a [dis]ability. In 2022, both of these objectives were met.



Definity is committed to increasing diversity among our workforce to meet our representation in leadership targets. In 2022, our workforce was comprised of 57% women and 43% men; 45% of mid-management positions (manager, director, and AVP roles) were held by women. At VP and Executive Leadership Team levels 19% of all roles are held by women which represents a modest year-over-year decline. These employee demographics figures are calculated on a 12-month average basis in order to smooth the potential effects of late-year changes, but remain sensitive to small absolute changes in representation and/or the total population size. In 2022, the average number of females in VP+ roles was two fewer than the previous year, while the average number of total VP+ roles was one greater.

In 2022, Definity has hired and promoted key talent for their expertise and skillsets, while seeking opportunities to increase female representation in key leadership roles. During the year, 48% of promotions and hires into AVP, VP, and Executive Leadership Team levels were female, while 42% of the promotions and hires into VP and Executive Leadership Team levels were women.

IDEA principles are embedded in our succession planning process and program. An equity approach has also been utilized for our Career Talks conversations, whereby our Executive Leadership Team has development discussions with internal talent identified as successors. Conversations were held with our most frequently used executive search firms to align with our expectations regarding ensuring diverse slates of external candidates for open executive positions.

48%
of promotions and
hires into AVP, VP, and
Executive Leadership
Team levels were
female



EMPLOYEE GROUPS

At Definity, everyone has a voice at the table and should feel free to bring their true selves to work. We have three IDEA-focused employee groups (EGs):

- Women's Empowerment
- LGBTQ+
- Anti-Racism & Cultural Equity

These EGs identify barriers to inclusion and make recommendations for a better workplace, help to revise corporate policies and procedures, raise awareness, promote allyship, and host events to educate and engage Definity employees. They direct financial contributions to organizations to support a variety of diversity and inclusion initiatives across Canada, which is detailed further on page 42. All employees are welcome to join any employee group, either as a community member or an ally. IDEA initiatives rolled out by the corporate IDEA team and EG-led initiatives serve to increase engagement and create a deeper sense of belonging, which leads to better performance and business outcomes. In 2022, the EGs gained 47 new members, which was the highest increase year-over-year at Definity since the EGs were first established in 2016.

I was so grateful and honoured to participate in the 2nd annual National Black Canadians Summit – both as a Black person and as a Definity employee. As chair of our Anti-Racism & Cultural Equity employee group, it gave me more confidence in the work we are doing at Definity.

VINCENT OBIANG

CHAIR ANTI-RACISM & CULTURAL EQUITY EMPLOYEE GROUP,
TEAM LEADER, NATIONAL AUTO CLAIMS



Anti-racism & Cultural Equity (ACE) employee group

Black History Month at Definity centred around the theme of ‘Black contributions to Canadian culture and the sciences.’ Notable offerings during the month included curated content on the Black Excellence channel in Definity Learning, educational webinars, and a Haitian dance class.

The ACE EG launched an Anti-Racism learning channel on Definity Learning with modules about unconscious bias, the difference between ‘anti-racist’ vs. ‘not racist,’ and how to apply an anti-racist lens to work and life.

To honour World Day for Cultural Diversity for Dialogue and Development, the EG offered dance classes from various cultures, and an internal panel discussion with employees representing 13 different racial/ethnic and religious backgrounds. Throughout the event, panelists had the opportunity to share various aspects of their culture, including food, music, and traditions, and discussed common misconceptions about their heritage.

The ACE EG commemorated both National Indigenous History Month and National Day for Truth & Reconciliation, which is detailed under “Truth and Reconciliation” on page 23.

In August, four delegates from the ACE EG attended the National Black Canadians Summit with the Michaëlle Jean Foundation in Halifax. These delegates were immersed in learning about anti-racism efforts within Canada for three days and brought back recommendations for Definity.

Latin Heritage Month featured a series of posts on Yammer reflecting facts, food, and influential people from the Latin community, trivia activities, and a refreshed Latin Heritage learning channel on Definity Learning.

Anti-Racism Month in November kicked off with a keynote address by Dr. Tanya (Toni) De Mello, human rights expert, about systematic racism, the nuances of everyday experiences and challenges in the workplace, and anti-racism actions that all can take. More than 700 employees dialed in, which was the most well-attended EG-led event in Definity history. Weekly “Open Mic” sessions followed, in which employees were invited to gather virtually in safe spaces and discuss anti-racism topics brought up in Dr. De Mello’s keynote address.

LGBTQ+ employee group

Pride Month celebrations began with flag-raising ceremonies at the Riverbend and Westmount offices. Following this, a heavy emphasis was placed on education through webinars offered by our partners Canadian Centre for Diversity and Inclusion (CCDI) and Pride at Work, a Did-You-Know series, and curated content on the LGBTQ+ channel on Definity Learning. Pride Month was capped off with our first ever virtual Drag Show which featured performance along with education about the importance of pronouns, commentary about allyship, and the history of drag.

The EG partnered with the corporate HR team to revise Definity’s dress code, removing gendered language and providing updated and more inclusive personal appearance guidelines.



I’m proud of the work the LGBTQ+ employee group has accomplished, from the big events like a company drag show, to how I feel comfortable mentioning my husband to a co-worker. In a world where social conservative legislation is on the rise, many LGBTQ+ people feel threatened. It’s important to me that where we work is a safe space for everyone, that all employees feel like they belong regardless of gender, sexuality, or orientation.

DREW MCPARLAN

PREVIOUS CHAIR LGBTQ+ EMPLOYEE GROUP, TEAM LEADER,
BROKER ASSIST CENTER



As part of the Women's Empowerment EG, I started hosting Open Mic sessions in 2022 as a way to encourage discussion on topics impacting women in their work life. I really enjoy interacting with people from across the business and learning from a diverse group of individuals, many of whom I wouldn't normally connect with during my day-to-day work. I am extremely pleased that the feedback from our Open Mic sessions has informed our planning for future Women's Empowerment EG initiatives.

DIANA DELAHAYE

MEMBER OF WOMEN'S EMPOWERMENT EMPLOYEE GROUP,
PROJECT SPECIALIST, COMMERCIAL INSURANCE

Women's Empowerment employee group

In 2022, we highlighted women's empowerment with a theme of '#BreakTheBias' throughout the year. The Women's Empowerment employee group curated videos for the newly launched Women's Empowerment learning channel on Definity Learning, highlighting the struggles, victories, and challenges facing women and girls historically and today.

At Definity, we have encouraged our employees to show their support for International Women's Day by participating in various initiatives organized by the Women's Empowerment employee group such as offering support to charitable partners, the Canadian Women's Foundation and Shelter Movers, and learning more about IWD initiatives on our Definity Learning platform.

During Women's History Month, more than 1,300 recognitions were sent out through Definity Appreciate+ to remarkable women who make a difference and advocate for their commitment to gender parity, as well as to anyone who has supported women at Definity.

The Women's Empowerment EG hosted two panel discussion events in 2022: the first about what it means to be an ally to women and how to overcome barriers to allyship; and another composed of binary and non-binary women who discussed their lived experiences of gender bias in their careers and provided perspectives on how to build an inclusive workplace that empowers women to thrive.

Intersectionality was in focus during Latin Heritage Month, as the Women's Empowerment EG partnered with the ACE EG to share content about historically significant Latina women.

Partnering to Advance Diversity and Inclusion

Definity's approach to IDEA relates to all our stakeholders, including employees, brokers, customers, communities, suppliers, investors, regulators, and industry partners.

We have built strong partnerships with Pride at Work, Indigenous Works, and the CCDI to offer learning opportunities, along with the EG events in our monthly IDEA calendar. We are also a member of the Indigenous Professional Association of Canada and have posted many jobs through this organization's channels. We continue to explore how we can leverage these partnerships to make our recruitment and onboarding processes more inclusive.

In 2022, Definity continued to chair the General HR Insurance Group diversity and inclusion working group, which works in partnership with the Insurance Institute of Canada in attempting to position the P&C insurance industry in Canada as a desirable sector for diverse talent. This working group has become an IDEA community of practice for the industry, having organized three "Voices of Inclusion" events throughout the year. These events are unique opportunities for the P&C industry to come together in a non-competitive way to spotlight talented insurance professionals – including two Definity employees – from equity-deserving groups with the purpose of attracting candidates to an industry where they can find belonging and grow their careers.



TRUTH AND RECONCILIATION

As a Canadian company, Definity acknowledges the long history of colonialism and the trauma it has inflicted on Indigenous peoples and communities of the lands we call Canada. To move forward, we must strive to understand the truth and lived experiences — past and present — of the people of this land.

In 2015, the Truth and Reconciliation Commission of Canada provided a detailed set of calls to action to support the development of a new and respectful relationship between Indigenous and non-Indigenous peoples. Definity recognizes that we can play a larger role in this shared journey, and we will be guided by Call to Action #92 for corporate Canada in consultation with Indigenous communities and partners. We intend to be vulnerable, transparent, and authentic in our journey, and are committed to centering Indigenous communities and voices in an equitable, reciprocal way to recognize their unique aspirations, needs, and rights.

We have established a partnership with Indigenous Works and the CCDI, which has enabled us to provide employees with information about their offerings on our monthly IDEA calendar. We have also updated our Definity Learning platform with additional Indigenous Learning modules.

We commemorated September 30th with a special guest speaker, Roy Progorzelski, an inclusion consultant at the CCDI and a representative of the Canadian Coalition of Municipalities Against Racism and Discrimination, to provide education for employees on Truth and Reconciliation and ways to increase Indigenous inclusion in the workplace.

As close to the 30th of each month as possible, the ACE EG encourages employees to put on their orange shirts and reflect on Truth and Reconciliation, and it posts learnings about Indigenous culture and history to keep the awareness going throughout the year.

At our annual meeting and at larger-scale team meetings, presenters are encouraged to share land acknowledgments, and they are provided with guidance on personalizing their connections to the acknowledgments and speaking to actions that have been taken and that still need to be taken.

ENABLING A CULTURE OF HIGH PERFORMANCE AND ENGAGEMENT

OUR EMPLOYEE PROMISE

In 2022, we launched our employee promise, our commitment to providing an experience that is collaborative, ambitious, rewarding, and empowering (CARE). We have many examples of how we CARE across the organization, and we frequently update our programs, total rewards, and employee experiences to meet the changing needs of our employees. We measure how successfully we live up to the promise in our engagement survey through the employee promise index. In 2022, this index was 81%, which we believe indicated that the vast majority of employees' lived experience aligned with our commitment to CARE.



OUR EMPLOYEE PROMISE

It's better here. Why? Because we **CARE**, providing an employee experience that is **collaborative, ambitious, rewarding, and empowering.**

COLLABORATIVE

Contribute to a team that values what you bring.

AMBITIOUS

Challenge the status quo to deliver better results.

REWARDING

Achieve professional growth, learn, and be recognized for high performance.

EMPOWERING

Make a difference every day in a flexible, values-based environment.

Definity. It's better here.

ATTRACTING, RETAINING, AND ADVANCING TOP TALENT

As we compete for talent in an active labour market, it is vital that we harness the culture and employee experience at Definity as a significant attraction tool for prospective employees.

We have deepened and widened our talent pools by adding an IDEA lens to every step of the hiring process, including a new intake form with diversity questions, a new interview guide with information on avoiding bias, applying a gender-inclusive lens to our job postings using a decoding tool intended to ensure that language is neutral and inclusive, and increasing the number of diversity-focused job posting boards that we use to advertise roles.

We have accessed new and more diverse pools of talent through partnerships with the Black Business and Professional Association, Indigenous Professionals Association of Canada, Equitek Employment Equity Solutions, Women's Law Association of Ontario, Pride at Work, and Magnet. We also held training for our Talent Acquisition team on IDEA and unconscious bias, intended to ensure that its members recognize and remove bias from our recruitment process and support leaders across the business in doing the same.

Partnerships with selected universities and colleges across Canada that offer co-op programs related to technology, actuarial science, business, and insurance provide exposure to relevant early-career talent. These partnerships also emphasize IDEA, which was exposed to more than 5000 students through campus events during 2022. We have also expanded student hiring and offer a customized onboarding experience with career and skills-building workshops to support early-career development.

Average tenure has declined in recent years as a result of a significant increase in new hires to support Definity's business growth, along with the retirement of many long-serving employees following the successful demutualization of Economical Insurance and Definity's initial public offering on the Toronto Stock Exchange.

METRIC	2022	2021	2020
Average employee tenure (years)	5.9	6.8	7.6
Retention of key talent ¹	92.6%	92.9%	97.7%

¹Employees rated 4 or 5 out of 5 on their performance reviews



PROVIDING VALUE FOR OUR EMPLOYEES

Definity is a people business, inside and out. We consistently work to empower employees across our family of companies to shape our culture to be truly reflective of our customers across Canada and the values we uphold. We support a working environment that enables the full potential of our employees and business by tapping into the unique perspectives and experiences of our people.

We continue to offer the **Definity Share Ownership Plan**, involving Definity common shares being purchased on the open market for the accounts of participating employees. Contributions come from employee payroll deductions supplemented by matching contributions from Definity, up to a maximum of \$1,500 annually per participant. One of our values is that “we are all owners” and all regular status employees are eligible to participate in the Definity Share Ownership Plan, with a welcome contribution provided to all new hires who choose to participate. All eligible new employees are offered a welcome contribution to this program, and as of the end of 2022 over 60% of eligible employees were making regular share purchases through this program.

In 2022, we introduced the **Better World ESG Global Equity Segregated Fund** as a new investment option within the Defined Contribution Pension Plan, providing eligible employees with an ESG-focused fund option within the range of available options for their retirement savings investment portfolio.

Definity Days were introduced in 2022 to consolidate three Personal Needs Days with two additional COVID Personal Needs Days that had been provided on an ad hoc basis in 2020 and 2021. Full-time employees now have five Definity Days each year to use as they wish, whether to focus on their mental, physical, or social well-being, to support their families, or to observe cultural celebrations which may not be associated with a statutory holiday. In 2022, over 3500 Definity Days were used by our employees.

OUR PAY PRACTICES

Our compensation processes are designed to help us grow and reward our diverse and inclusive workforce in an equitable and bias-free manner.

A centralized compensation team in our HR function is responsible for the oversight of all compensation programs and practices including job evaluation, job framework and salary structure maintenance, pay monitoring, market benchmarking, and applying the principles of pay equity.

All jobs at Definity are measured and ranked using a gender-neutral evaluation tool which looks at the content of jobs. Definity has a structured pay system for both base pay and variable pay, reducing the effect of gender, race, ethnicity, or other such attributes on pay decisions.

We are obliged to comply with various pay-equity requirements across Canada and extend some of the principles applied as a result of those requirements in other parts of the country where they are not legally required.

More details on Definity's compensation philosophy can be found in the [2023 Management Information Circular](#).

REWARDING HIGH-PERFORMANCE

The commitment and desire of Definity employees to make a difference is crucial to the way in which our stakeholders experience our products, services, and brand. Accordingly, Definity recognizes high-performance in a variety of ways including:

- Pay-for-performance incentive compensation
- Appreciate+ online recognition and rewards platform
- Definity CEO Awards

Appreciate+

Employees can use our Appreciate+ platform to provide real-time recognition for work accomplishments that reflect our three values, as well as to celebrate special occasions like birthdays and service anniversaries.

CEO Awards

In 2022, we launched our inaugural Definity CEO Awards, the highest level of recognition at Definity celebrating individuals or groups who show why "it's better here" by demonstrating Definity's values. These awards are designed to honour and reward the ways that employees have made a significant and wide-ranging impact to our culture, employees, brokers, customers, business, and communities. From 158 individual and 50 team nominations (made up of 446 employees in total), five individuals and two teams were selected as recipients for exceptional business results and/or service to our employees, customers, and brokers.

Employee Appreciation Week

Employee Appreciation Week is an annual five-day recognition event to thank our employees for the work they do and to collectively celebrate our accomplishments. EAW featured virtual, enterprise-wide activities that all employees had the option to participate in, while allowing time for teams to schedule their own departmental activities. Enterprise-wide activities typically include an all-employee event, an evening family-friendly event, and contests throughout the week. As part of EAW in 2022, we integrated Employee Appreciation Week Giving Account Seeding. More details about this initiative can be found under the "Charity of choice" section on page 44.





EMPLOYEE ENGAGEMENT

88%

Participation rate for the fall 2022 survey

85%

Hybrid work index score

87%

Inclusion and belonging index score (up 6% year-over-year)

90%

of employees shared that they believe their direct leaders care about them as people

84%

of employees indicated that our company is committed to social and environmental responsibility

EMPLOYEE ENGAGEMENT

We conducted several surveys in 2022 to gather employee feedback on their work experience. The results of these surveys enable our organization to adapt our practices and continue to provide a collaborative, ambitious, rewarding, and empowering experience for everyone. As a result of employee feedback in 2021, we increased the number of flexible personal days (“Definity Days”) from three to five in 2022. Our survey results from April 2022 also led to continued support for hybrid workplace flexibility. As of January 2023, most of our employees are expected to connect and collaborate in-office an average of at least eight days a month, providing flexibility to work in the environment that is most productive for the task at hand.

The participation rate for the fall 2022 survey was 88% and resulted in an employee engagement index of 80%. This index is comprised of questions that assess employees’ motivations to go above and beyond their normal duties, whether their work gives them a feeling of personal accomplishment, how proud they are to work at Definity, how likely they are to recommend Definity as a great place to work, and whether they are considering a new job with another company.

The hybrid work index score was 85%. This index measures employees’ team dynamics, levels of support, team connection, and comfort with Definity’s hybrid work model.

The inclusion and belonging index score of 87% (up 6% year-over-year) is a measure of whether our employees feel that they are able to bring their own true selves to work, whether they can voice their ideas and opinions, and whether they feel a sense of belonging.

Approximately 90% of employees shared that they believe their direct leaders care about them as people, that they feel comfortable speaking to their leader about any concerns, and that they feel they are getting what they need from their managers.

In addition, 84% of employees indicated that our company is committed to social and environmental responsibility, up from 83% in our 2021 fall survey.

SUPPORTING EMPLOYEE MENTAL HEALTH AND WELLNESS

The mental, physical, social, and financial health of our employees is critical to our success.

Definity is focused on supporting our employees' well-being, and this remained in focus through 2022 as the COVID-19 pandemic continued through its third year. Some of the initiatives to promote employee safety and well-being in 2022 were employee surveys about remote working and hybrid work, internal informational overviews of Definity's COVID-19 protocols and approach to employee and visitor vaccinations, Q & A sessions with a physician about COVID-19 and vaccinations, and "Ask me anything" sessions with Definity's Chief People and Culture Officer about hybrid working and office reintegration.

MENTAL HEALTH SUPPORT AND TOOLS

Throughout 2022, we continued to invest significantly in supports to enable our employees to be at their best at home and at work. Based on employee feedback in 2022, our flexible benefits plan coverage was enhanced to include new fertility services, increased vision care maximums, and increased mental health coverage maximums.

Definity now offers a mental health resource page on our intranet, including a summary of crisis resources, virtual mental health seminars, classes, wellness days, and weekly virtual stretch breaks. We also participated in a mental health coach program pilot designed to focus on prevention and education by helping employees be proactive about mental health by finding the best care and monitoring progress and adherence.

Definity also offers the LifeWorks Employee Family Assistance Program, a well-being solution designed to help employees improve their mental and physical health and productivity at work, school, and home. Over 45% of our employees have used the website to access counselling, online well-being and financial resources, wellness tools, and personalized recommendations for themselves and their families.

Through the Canadian Mental Health Association's Not Myself Today program, we further promoted ongoing education, support and resources for mental health.

PROVIDING A SAFE AND HEALTHY WORKPLACE

Definity is committed to creating and sustaining workplace and employee occupational health and safety programming, including best practice wellness strategies. Definity embraces work organization principles that aim to prevent occupational illness or injury and promote employee well-being through a safe and healthy workplace and the promotion of healthy lifestyles.

At Definity, we provide accommodation for employees with disabilities, medical restrictions and limitations, injuries, or illness, offer an ergonomics program to ensure the well-being of all employees, and strive to ensure that our furniture, fittings, and equipment are purchased, designed, and installed to meet sound ergonomic principles with respect to their use. Where necessary, we also provide assistive devices (e.g., footrests and monitor risers) to assist with workstation height and layout adjustment.



1,954 employees tracked a combined total of **98,832 wellness activities** to support their mental, physical, social, and financial health during the spring wellness campaign. Participants earn dollars for their Personal Spending Accounts that they can put towards a broad range of expenses such as fitness services and equipment, health products and services, educational and personal development, work-life balance, safety initiatives, green living, professional services, insurance premiums, and financial services.

2,407 employees tracked over **820,000 minutes** of physical activity and 320,000 minutes practicing mindfulness during the fall wellness campaign. In addition, 1,132 participants accessed the Addressing Stress module on the Not Myself Today website and 967 completed the diversity and inclusion bonus by renewing their commitment to embrace IDEA and participating in an IDEA event.

EMPOWERING OUR EMPLOYEES THROUGH LEARNING AND DEVELOPMENT

Professional development is critical to the continued success of our organization, and Definity continually invests in its employees.

Definity Learning is our bilingual, cloud-based learning management system. We offer nearly 1,800 online courses tailored to major business units, including personal insurance, commercial insurance, and claims. There are custom pages that feature content specific to our contact centers, cloud-computing platform teams, leadership programs, and co-op students.

Definity recognizes that most learning happens outside of formal courses, and we offer over 1,000 learning assets that have been created and curated by our employees for our employees. This informal microlearning content focuses on how-to content, showcases our employee groups (LGBTQ+, Women's Empowerment, Anti-racism and Cultural Equity, Environment and Climate Action), and provides just-in-time support.

"Learn at Work" is an annual initiative that inspires our employees, teams, and the organization to demonstrate their commitment to continuous learning. In 2022, all Definity employees accessed learning offered through Definity Learning. Employees dedicated on average over 10 hours in 2022 to professional development in the Definity Learning system.

In 2022, a virtual roadshow was delivered to every business unit to spread awareness and information about the importance of ESG and how it is integrated into Definity's Corporate Strategy, as well as how to create IDEA-related individual performance and development goals. Over 1,100 employees were reached through these efforts, and employees were left with calls to action for learning, participating, giving back, and sharing their learning. Additionally, a self-directed ESG and IDEA training module was developed and launched for employees and is now available for new employees as part of their onboarding.

Employee learning benefits include:

- Financial rewards to employees who complete professional certifications
- Tuition reimbursement
- Certification exam reimbursement
- Paid professional association memberships

Compliance Training

Annually, employees participate in a review of the Code of Business Conduct, online training, and disclosure of conflicts of interest. When employees are hired, the following compliance training is required to be completed by them within their first 30 days:

- Accessible Workplace and Customer Service
- Code of Business Conduct
- Disclosure
- Emergency Preparedness and Response Plan
- Legal Risk Management
- Privacy
- Risk Management
- Securities Trading Policy
- Security Essentials

All leaders are also required to complete the following modules within their first 30 days:

- Workplace Violence & Harassment
- Occupational Health and Safety



1350

employees participated in CultureU, reinforcing our values and behaviours

260

new leaders completed Leadership Essentials, a foundational program to empower new people managers

200

managers and directors were part of our High Performing Leader, a program to support trust, connection, and feedback in the workplace

23

selected leaders were involved in our High Performing Executive Program, supporting Vice Presidents

Promoting ethical and responsible conduct

Managing Conduct Risk

Definity supports a culture in which each employee and board member is encouraged to be suitably open, transparent, candid, and fact-based in discussing risks and issues so that decision-makers can be well-informed. Definity's corporate values clearly articulate expectations for integrity in conduct at an individual and a corporate level. Our corporate values and cultural and conduct expectations are communicated to employees through mandatory training and integrated into relevant corporate communications. Along with Our Purpose, they guide our behaviour and decision-making when we serve our customers and when we interact with other stakeholders.

Managing conduct risk requires building responsible business practices and encouraging appropriate behaviours at all job levels. This not only supports compliance with legislation, non-legislative standards, contractual commitments, and our policies and procedures – but also helps to align business and individual decisions and activities with Definity's values.

The board and senior management play a significant role in reducing conduct risk by setting the tone at the top. This includes clearly communicating expectations for appropriate conduct and business practices and demonstrating accountability for conduct, corporate values, and culture through their actions and decisions, as well as challenging others to do the same.

Definity follows several processes to communicate and reinforce expectations for appropriate conduct, including:

Employee Conduct

The [Code of Business Conduct](#) (the Code) communicates expectations for ethical behaviour with respect to key stakeholders and compliance. The Code sets out procedures for monitoring compliance and describes other steps taken to encourage and promote a culture of ethical business conduct. The Code is supported by policies governing ethical behaviour, anti-harassment, and non-discrimination, and by Definity's whistleblower policy and ethics reporting program.

Our board ensures that effective mechanisms are in place for employees to raise ethical concerns. Our ethics reporting program provides a toll-free hotline and website that are maintained by an independent third party. Employees can use those channels to report any breach of our Code or accounting, controls or auditing concerns anonymously and confidentially, as well as suspected fraudulent activity. If an employee prefers, they can report concerns to their leader or Human Resources.



Corporate Conduct

Definity has enterprise-wide practices designed to prevent and identify misconduct or non-compliance with expectations for acceptable corporate conduct.

Management is required to report on operational performance and key indicators to provide information on actual outcomes and trending arising from business decisions so that our board can challenge business decisions, corporate conduct, and the effectiveness of risk management. This provides an opportunity to inform enterprise learnings and response plans.

Definity also requires compliance with applicable legislation and conformity with applicable non-legislative standards.

Definity has implemented internal controls intended to reduce the inherent risk of external and internal fraud. Definity uses fraud identification models for underwriting and claims with a view to identifying potential instances of fraud. Additionally, the ethics reporting program also serves as a source of reporting of potential internal fraud.

OUR COMMUNITIES



2022 HIGHLIGHTS



Contributed over \$2.9 million in charitable donations, **including \$2.3 million to the Definity Insurance Foundation** to be granted to qualified donees



Established an **ethical data usage** framework that includes bias and fairness assessments for applications of AI, machine learning, and other predictive modelling at Definity



Introduced a new Supplier Code of Conduct that incorporated **ESG factors in vendor selection**



Achieved Definity's highest ever levels of **employee engagement** in community giving



More than **2,000 volunteer hours** logged



34% of employees donated to charities through our iCare platform, triggering over **\$75,000 in matching donations by Definity**

HELPING OUR CUSTOMERS ADAPT AND THRIVE

At our core as an insurer, we are here to protect our customers and support them in their times of need.

We offer a comprehensive range of property and casualty insurance products to support Canadian drivers, households, businesses and other organizations. These offerings are competitively-priced and widely distributed – directly and through a vast network of broker partners – to be accessible and affordable to as many Canadians as possible. Through timely processing and fair settlement of claims, we help to remediate and restore our customers to their pre-loss state and minimize disruption to their lives and businesses.

Building on this strong foundation, Definity employees and our trusted partners work together every day to make insurance better. As customer and business needs shift, we invest in our organization's capabilities and talents to deliver quality, personalized service, striving to be a top choice for customers and a successful partner for our brokers. We are here to take care of our customers and brokers, providing products that offer them security while maintaining a strong and trusted relationship, either directly or through our trusted broker partners. We have made many efforts over the last year to continue supporting our customers and brokers, and we actively seek their feedback with a view to improving our service.

Responding to catastrophe events

Definity's first dedicated National Catastrophe Response (CAT) team was established in 2020. During 2022, this highly skilled team of adjusters and appraisers responded to a variety of CAT events, handling close to 3,000 property claims for our customers in situations of great need. Rushing to impacted areas in the wake of major catastrophes is not a job for everyone, but the members of our CAT team are driven by a passion for helping families, businesses, and communities when they need us most. The individual sacrifices that these team members make

in leaving their families for weeks to travel to areas that have been impacted by natural disasters cannot be understated.

Definity supports education on severe weather and catastrophes through partnerships and creating and distributing content. Definity produces original content through the Economical and Sonnet blogs, which is now a robust inventory of articles to help customers mitigate severe weather damage and recover from it.

Definity is a long-standing partner of Canadian Red Cross and its Disaster Response Alliance, which enables the organization to pre-position supplies and expands its capacity to respond to disasters. Definity is now a member of Climate Proof Canada, a cross-sectoral coalition of organizations who advocate for disaster preparedness and building a more climate-resilient Canadian economy and society.

Going above and beyond after Hurricane Fiona

As Hurricane Fiona approached Atlantic Canada in September 2022, our CAT team prepared to mobilize to affected communities to support customers as soon as we considered it safe to do so.

The CAT team handled just under 700 claims and were on site for several weeks, providing peace of mind and meaningful, quick service to the communities impacted. Being on the ground and visible was a key step in addressing customer needs in a timely manner, and in letting customers witness how we were there for them.

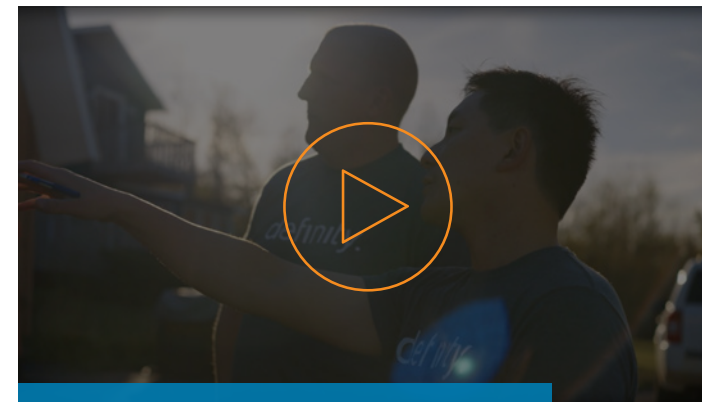
The team worked quickly to process claims to ease our customers' stress and ensure that they could pay for ordinary expenses and work with vendors to get repairs done on their homes. We provided customers with access to preferred vendors and estimates to enable them to make the best financial decision in the circumstances, while also having our assurance on the quality of repairs.



For us, a very trying time to work through the devastation of a hurricane. For you, I cannot imagine the workload. Thousands of us, all needing help at the same time. Each one, expecting personal service immediately so they too could continue with their lives. All of this while you sacrificed being away from home and family. How do we begin to thank you? For timely addressing our concerns. For advice. For next steps forward. For contact information regarding our other claims. For your patience and for helping us to move forward in our lives amidst the devastation we are all feeling. Two small words, that are being sent with such heartfelt gratitude. Thank you!!!

PROPERTY INSURANCE CUSTOMER

NOVA SCOTIA



Click to see how our CAT team responded to Hurricane Fiona

ENHANCING ACCESSIBILITY OF INSURANCE OFFERINGS

In 2022 we took significant steps to improve accessibility and promote inclusion and equity in our community, customer service, and products.

Letters Project

We initiated a major re-write of our customer-facing correspondence in 2022, minimizing insurance jargon and replacing it with our more human Definity- brand voice. The result is communications that are more transparent, empathetic, and simple for our customers to understand.

Digitization

In late 2022, we launched a digital claims intake channel for Sonnet customers to improve the speed and quality of the customer experience. Through this new process, customers can initiate their claim using the Sonnet portal via their electronic device of choice (i.e., smartphone, tablet, computer). The intuitive user interface tailors questions to support quality responses and a successful claims journey. Customers with a vehicle claim can seek rental options and set up an appointment with a local repair facility from our partner network, where available. Chat services are available for customers who have questions or need additional support during their digital journey. At the end of the submission, customers receive a summary of the details, next steps, and the contact information for their claims representative.

Also, across Canada we now offer electronic copies of auto policy documentation to improve accessibility and reduce our environmental footprint.

Supporting pet and service animal owners

Our Petline brand offers free trials through our Petsecure program. This program provides pets with a head-start for long term medical care by introducing new owners to the benefits of pet health insurance, with a six-week complimentary trial to protect new pet owners from the cost of unanticipated illness with a new pet. In 2022, we

supported 76,450 pet owners with this offering, ensuring their pets were more able to be well taken care of. We also offer discounts for registered service animals, including registered police service animals. In 2022, we supported the care of eight registered police dogs and 116 registered service animals.

Our team at Petline is not only here to support our customers' pets' well-being, but also here to help pet owners provide high-quality care. We leverage the experience and knowledge of our in-house veterinarians to communicate through our blog about how pet owners can support the health of their pet and prevent avoidable medical treatments. In 2022, we published several blogs on a variety of pet-health topics like anxiety treatment methods, exercises, and dietary "dos and don'ts". We also supported employees' pets, by working with our on-site veterinarians to provide virtual training sessions on returning to work after COVID and helping dogs with separation anxiety.

In recognition of the hardship of losing a pet, we make in-memoriam donations to local animal shelters when our pet insurance customers' insured pets pass away.

Acting on customer feedback

To better understand the claims customer experience, Definity collects customer feedback at the end of the claims journey. Responses are used to provide insights and inform our areas of focus for improvement. In 2022 we enhanced this process, adding a feedback point after the "first notice of loss" when a customer initiates a claim, either digitally or through our Customer Care Centre. This allows us to further enhance how we serve our customers at a critical and often stressful time of the service journey.



It is incredibly fulfilling to be able to help others in times of need and Definity allows me to do it on a day-to-day basis with a great team of internal and external partners. From everyday claims to catastrophic events, it has been a pleasure to serve with compassion and professionalism.

NATALIE WONG

SR. FIELD REPRESENTATIVE, CLAIMS

WHAT OUR CUSTOMERS ARE SAYING

Everyone involved communicated and took action in timely manner. Enough and detailed information was provided at every step. It was unfortunate situation for me, but it was a pleasant experience working with the team. Andre and his team responded in a timely manner. He explained things in detail.

COMMERCIAL PROPERTY INSURANCE CUSTOMER

This positive rating is solely due to the actions taken by your claims representative, Thomas. Given the scale of damage sustained across Atlantic province, Thomas still responded to our initial claim within 48 hours, followed up telephone the following day and set an in-person meeting a few days later. "This" is the type of experience people seek in an Insurance Company. You should be proud of your field rep, as he does your company proud and has guaranteed my home insurance will continue with Economical going forward. Thank you, Thomas.

PROPERTY INSURANCE CUSTOMER

The person who dealt with my claim, Dmytro, was extremely helpful and respectful and made the process very easy to deal with! He was patient with all my questions and made the process of my claim very easy to handle! If I could have given a higher score than 10, he would have earned it!

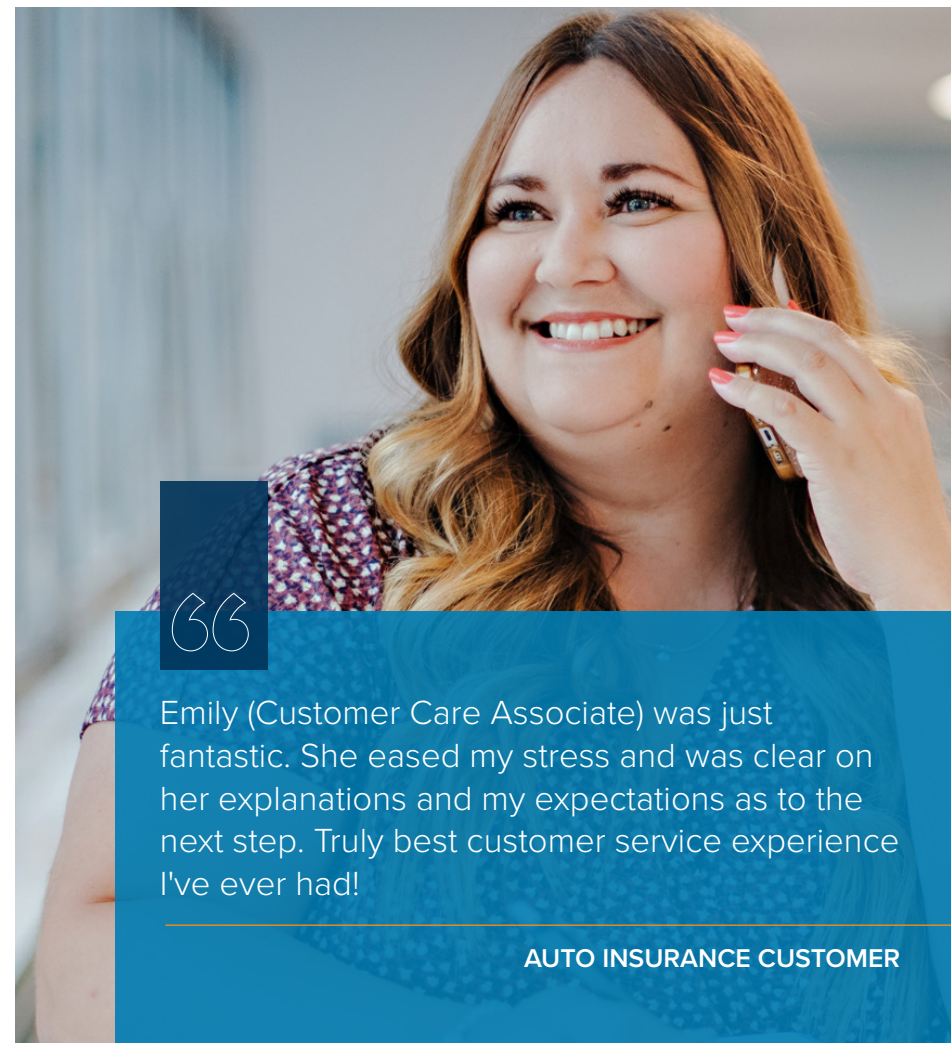
AUTO INSURANCE CUSTOMER

I wanted to share with you the amazing customer service I experienced with Sarah. I called and shared my situation with her, and she really went above and beyond to help. Not only was she positive and understanding, she made me feel heard and as if I was talking to a friend. I asked about leaving a review for her and she was a bit reluctant, but I really feel that her performance needs to be recognized.

AUTO INSURANCE CUSTOMER

I hope you are having a good long weekend. As you may recall, we lost our 18-year-old cat Gimlet at the end of January. We weren't intending to get more cats again yet, but we adopted these two recently: Sheridan (2-year-old) and her daughter Zinnie (9 months). I've just registered them both for pet insurance. We were contacted by a couple of different insurers but I decided to stay with PetSecure because of the great service we got from you when Gimlet was still with us. (I hope these kitties are healthier than Gimlet was, though!)

PET INSURANCE CUSTOMER



“

Emily (Customer Care Associate) was just fantastic. She eased my stress and was clear on her explanations and my expectations as to the next step. Truly best customer service experience I've ever had!

AUTO INSURANCE CUSTOMER



KEEPING OUR BUSINESS AND CUSTOMERS PROTECTED

CYBERSECURITY BY DESIGN

As an embedded component of Definity's enterprise risk management program, our cyber and information security strategy is anchored in the concepts of confidentiality, integrity, and availability.

The world continues to see the cyber landscape evolving with new threats from nation states, cyber criminals, and geopolitical events. To combat these threats, Definity has developed a comprehensive cyber and information security program that is built on policies, standards and risk assessment capabilities that align to leading industry standards.

To protect Definity and its employees, customers and partners, we have implemented policies and standards, aligned with the National Institute of Standards and Technology Cybersecurity Framework and related guidance, that are intended to ensure we are aligned with cybersecurity best practices as they evolve over time to meet emerging threats. The policies and standards encompass administrative, technical, data loss, and physical safeguards to protect our information assets and systems. Our policies and standards are built on the concept of least privilege where employees only receive the access required to perform their role in the enterprise.

Our Chief Information Security Officer (CISO) reports to our Chief Technology Officer and is accountable for the administration and enforcement of the approved cyber and information security policies and standards. Definity's cybersecurity team reviews cyber and information security risks to the business – including daily threat intelligence feeds – and implements controls to reduce and mitigate these risks as appropriate. The cybersecurity department is made up of a team of accredited cyber security experts who are continually focused on improving our vulnerability management and enhanced protections to defend against malware while strengthening data protection and access management controls.

The cybersecurity committee, made up of senior leaders, oversees all cyber and information security related activities. Definity's CISO provides quarterly updates regarding cyber and information security to Definity's Executive Leadership Team and the Risk Review Committee of the board of directors. The Risk Review Committee regularly reviews and discusses cybersecurity activities, strategy, controls, and processes related to managing cyber and information security risk. Independent third-party and internal assessments are performed against our cybersecurity posture and reported to senior management and the Risk Review Committee.

Cyber training and awareness are an entrenched component of our cyber strategy. Employees and third-party contractors are required to complete mandatory training annually as part of our Cyber Security Awareness month activities. Phishing exercises are conducted on a routine basis to test employees' awareness and provide real time learning during the exercise. The results are reported to senior management with recommendations on areas of improvement to further strengthen our defensive posture.

We have also developed a comprehensive third-party risk management program among our enterprise risk management, cybersecurity and vendor management teams that helps to assess and mitigate cyber and information security risk arising from suppliers of technology and data.

COMMITMENT TO PRIVACY

Definity has established a robust privacy program designed to protect the personal information in our possession.

Key components include:

- An internal enterprise-wide privacy policy and online privacy statements that are posted on our websites. Together, these govern Definity's privacy practices, establish common frameworks to govern the collection, use, and disclosure of personal information, and address requirements of privacy legislation.
- A protocol that outlines the process that must be followed by all staff if a possible or actual privacy incident has occurred. It obliges staff to report privacy incidents to our Privacy Office and ensures appropriate steps are taken, such as notifying customers, regulators, law enforcement, and other third parties as appropriate.
- Mandatory training to promote privacy awareness for all employees. It covers the protection, retention, and disposal of personal information and how to follow the privacy incident protocol. Our employee privacy training program also includes micro-training modules on topics that are customized for business units and the personal information they manage.
- Management of individual privacy rights such as ways for individuals to request access to their personal information, correct it when inaccurate, or withdraw their consent for us to use it.

Definity also has an information management policy that sets out requirements for the identification, classification, retention, and safe and secure destruction of information, including personal information.

EMBEDDING ETHICAL USE OF DATA AND MODELS

Data and analytics are critical enablers of Definity's business strategy, and we strive to be best in class from a data and analytics ethics perspective. Ethical use of data promotes employee and customer trust, good customer experience, data privacy, and regulatory compliance.

Our leadership in this area was recognized at the Ontario Conference of Casualty Actuaries' Fall 2022 meeting when Definity analytics professionals delivered a keynote presentation educating industry members on this topic.

To support our data and model governance, Definity has established an ethical data usage framework and a model risk management policy governing our use of data,

models, and systems, including machine learning and analytical models. In 2022, Definity developed a practical set of tools and guidance for Definity's actuarial and analytics practitioners to consistently perform bias and fairness assessments when developing predictive models and to address bias if detected.

SUPPORTING BROKERS TO DELIVER FOR CUSTOMERS

Our broker relationships continue to be a key pillar of our growth strategy. We partner with nearly 700 independent insurance brokers across Canada to continue offering our customers first-rate service and personalized advice.

Our approach of building relationships and delivering on our promise has continued to help our broker partners win new business, earn the trust of customers, and enhance our customer retention. We value the guidance we receive from our brokers to help improve our broker value proposition and ensure customers receive high levels of service.

We continue to build on our capabilities and expand our functionality on the Vyne platform. For example, we've implemented live chat capabilities in SME Pathway to provide brokers with on-demand support, making their insurance placement process easier and more efficient. We have also expanded the industry segments available on the Platform which broadens product accessibility and simplifies doing business for our broker partners.

In 2022, we began implementing a broker system modernization program and shifted our source of broker records to Salesforce, which has improved broker management workflows, enabled more efficient management of our complex broker hierarchy requirements, and enhanced our ability to digitally appoint, engage, and interact with our brokers. For Definity, this has increased productivity through process efficiency and reduced manual effort in reporting and other ad hoc requests. We can deliver improved service and communication to brokers through the optimization of numerous business practices, including case and inquiry prioritization and enhancement in the knowledge base management to further support broker inquiry resolution.

Building on the 2020 launch of a broker learning centre, 2022 saw further improvements including new support material, learning packages, and courses provided by leading institutions. Each of these resources provides a training path for brokers to support new skill development and accreditation.



DEFINITY INSURANCE FOUNDATION

Definity Insurance Foundation is an independent national philanthropic organization dedicated to making a difference in the lives of Canadians, particularly underserved and underrepresented populations and communities. Definity Insurance Foundation is not an affiliate¹ of Definity Insurance Company and operates independently. It was initially funded with \$100 million of the proceeds of the demutualization of Economical Mutual Insurance Company (now Definity Insurance Company).

The Foundation is committed to supporting charitable partners in Canada to address the roots and impacts of inequality by funding initiatives that advance social and economic inclusion, increase the health and well-being of underserved populations, and slow the speed of climate change while supporting community-led adaptation.

Definity Insurance Company **has committed to contribute 1% of its net profit before taxes** to the Definity Insurance Foundation each year². Beginning in 2022, Definity has directed most of its corporate charitable contributions through the Foundation and has collaborated closely with the Foundation to identify and recommend causes to receive the corporate contributions.

Learn more at www.definityfoundation.org.

¹As defined under the *Insurance Companies Act (Canada)*.

²For at least five years, and subject to a minimum annual unrestricted gift of \$250,000.



We believe people closest to the issue are those who truly understand the needs, and challenges, as well as the opportunities to address them. As philanthropists and as a new foundation, we are here to learn, listen and support communities in meeting their self-defined needs.

ARTI FREEMAN

CEO, DEFINITY INSURANCE FOUNDATION





\$475,000

Community Investments in diversity & inclusion initiatives across Canada

\$640,000

Total investments in climate resilience & emergency preparedness



COMMUNITY INVESTMENT AND SOCIAL IMPACT

In 2022, we engaged with our communities in new ways as a public company, in service of our purpose of building a better world by helping our clients and communities adapt and thrive. Definity’s culture of giving back continues to grow, as demonstrated in 2022 by our highest level to-date of employee engagement in giving programs.

COMMUNITY INVESTMENTS

	2022	2021	2020
Total charitable donations (\$)³	2,933,772⁴	970,059	1,050,958
Total cash contributions to Definity Insurance Foundation	2,278,788		
Employee giving (\$)⁵	76,423	50,543	40,147
Paid volunteer days available per employee	2	2	2

³Totals include community investments and donations from all Definity operating brands, and include employee giving to the extent recorded in Definity’s own system to support employee giving. Donations made directly to registered charities, including donations to the Definity Insurance Foundation, which is a registered charity, and donations to universities, employee matching and other donations recorded in the general ledger accounts for corporate charitable giving.

⁴Included in the scope of limited assurance provided by EY.

⁵Employee giving is defined as employee personal donations which are corporately matched up to \$500 per employee per year.

INVESTING IN OUR COMMUNITIES THROUGH OUR PURPOSE

In 2022, we invested in organizations that supported our commitments towards ESG and IDEA goals, ensuring our investments in our community aligned with our values and purpose.

Canadian Red Cross

Through Canadian Red Cross, Definity is a proud member of the Disaster Response Alliance, which supports growing the capacity of Canadian Red Cross' Disaster Assistance Teams, Operational Experts, Emergency Systems, and Emergency Supplies.

On September 24, 2022, Hurricane Fiona made landfall in Atlantic Canada, impacting multiple provinces and causing devastation from torrential rain, strong winds, and widespread flooding. Once again, individuals, businesses, and communities across Canada gave generously to the Canadian Red Cross response to help those affected. More than 95,000 households have received direct support with more than 1,200 households receiving emergency shelter. By supporting the Disaster Response Alliance, Definity helped to ensure thousands of people received emergency items, as well as psychosocial or well-being services.

Definity also continued to support Be Ready, a Canadian Red Cross program that provides emergency preparedness information to Canadians. In 2021 through 2022, 2,066 people participated in disaster preparedness workshops where they were provided emergency preparedness information and resources.

Ducks Unlimited – The Nature Force

The Nature Force is an action-oriented climate resilience initiative funded by Definity in a collective of fifteen property and casualty insurance companies that represent a landmark private investment in natural solutions to mitigate flood risks to urban communities. Indices and modelling tools developed by academic partners and the Ducks Unlimited Canada research institute will be used to prioritize projects based on considerations such as flood risk and population size of those affected.

Learning for a Sustainable Future

Learning for a Sustainable Future advances climate change understanding and action among students in grades K to 12 across Canada by providing climate change resources for teachers and funding for students to undertake climate action projects as part of their participation in youth leadership forums. The action projects that Definity supported in 2022 reached 37,581 students, 1,063 teachers, and 40,471 community members. This initiative resulted in 251 trees and 1,222 native plants being planted, 2,527 kilograms of waste diverted from landfill, 414,404 litres of water conserved, and 1,805 hours of electricity use eliminated.

Green Communities Canada – Living Cities Fund

In 2022, Definity made a two-year, \$500,000 founding contribution to Green Communities Canada's Living Cities Fund. The fund will provide communities with direct financial support and a structured process to build capacity, leadership, and momentum for green infrastructure projects across Canada. Green infrastructure is a crucial element for community-level climate change resilience and offers a multitude of other benefits to communities. An evidence-informed approach cultivates diverse participation in planning and implementation of community-led solutions. Definity's support enables Green Communities Canada to pursue its ambitious ten-year goal to accelerate the growth of "Living Cities", places where green infrastructure is equitable, abundant, and thriving.



Canadian Biosphere Reserves Association

Canada's 19 biosphere reserves (BRs) are hosted by 50 Indigenous Nations and are home to 2.3 million Canadians. Definity is supporting the CBRA in capacity-building and knowledge transfer activities, including an updated governance model. This will enable CBRA to better engage and equip the BRs to do their work on the ground. The process will include diversity, equity, and inclusion policies as well as two-eyed seeing (Indigenous and non-Indigenous world views). In 2023, the network of 19 BRs plans to continue its work on biodiversity conservation, sustainable development, climate action, and reconciliation.

Green Learning Foundation

Definity is supporting the Green Learning Foundation's Flood:ED program, directly engaging youth in preparing their schools and homes for a flooding event through research conducted and data collected about their own natural and built environment. The program aims to develop a broader set of action activities that engage youth in actively investigating and developing solutions for flood preparedness. Youth engagement is key in creating resilient communities because they can be expected to transfer messages home to adults who may be poised to take actions such as basement flood prevention, and because they are the adults of tomorrow.

Scholarships

In 2022, Definity provided a total of \$127,000 in scholarships to support the next generation of leaders across Canada. We granted \$85,000 in scholarships to talented post-secondary students from coast-to-coast, and \$42,000 in scholarships to 22 dependent children of Definity employees.

EMPLOYEE-DRIVEN GIVING AND ENGAGEMENT

Definity partnered with our employees and other organizations to support a variety of diversity and inclusion initiatives across Canada in 2022. In addition, each of our four employee groups (EGs) — Anti-Racism and Cultural Equity employee group, LGBTQ+ employee group, Women’s Empowerment employee group, and Environment and Climate Action employee group — directed a \$20,000 contribution to an organization that is aligned with their advocacy work:

Anti-Racism and Cultural Equity employee group

Mosaic Institute: Mosaic Institute facilitates meaningful conversations about prejudice in communities through campus dialogues and informative panel discussions, and developing innovative resources for educators, community leaders, students, and policy makers to increase equity, diversity, and inclusion.

LGBTQ+ employee group

LGBT YouthLine: LGBT YouthLine is a *2SLGBTQ+ youth-led organization that affirms and supports the experiences of youth across Ontario through anonymous peer support and referrals, training youth to support other youth, and providing resources to help their peers make informed decisions.

Women’s Empowerment employee group

FORA Network for Change: FORA is a centre of excellence for young women’s leadership development, making strategic investments in young women through education and training, building networks, and access to unparalleled opportunities at home and abroad. While advocating for change at the global level through the annual Global Summit, FORA is also invested in helping to advance the career trajectories of young women in Canada through the Girls on Boards program and upskilling young women through Next Level.

Environment and Climate Action employee group

The Bruce Trail Conservancy: The Bruce Trail Conservancy is a member-driven, volunteer-based charitable organization, one of Ontario’s largest land trusts and the steward of Canada’s longest marked footpath across Niagara Escarpment UNESCO World Biosphere Reserve. It conserves, restores, and manages land to protect its ecosystems for the benefit of all.



Volunteering

In 2022, Definity employees gave back in large numbers, logging a record 2,155 volunteer hours through our iCare platform. They showed up in their communities in a variety of ways, including 95 employees virtually volunteering with the Canadian Red Cross through the Missing Maps programs, team-building volunteer opportunities with various food banks and other community organizations, and individuals donating their time to various causes in their local communities. For each volunteer hour entered in the iCare system, Definity provides \$10 to the recipient charitable organization, to a maximum of \$400 per year per employee.

288

paid employee volunteer days used

260

employees registered in the iCare platform

2,155

employee volunteer hours reported



Definity employees celebrated Earth Day by organizing shoreline and neighborhood clean-ups

Missing Maps Program

95 employees mapped 14,780 buildings and features in Zambia, Democratic Republic of Congo, Mozambique, Mauritania, Chad, Madagascar, and South Africa.



I love that employees across the company are working towards a common goal, and we can use our skills for something positive. It's also cool that you can see the results of your work in real time as the previously empty map fills up.

DENYS ELLIOTT
SENIOR DATA SPECIALIST



Volunteering is a great way to try something new and get involved in the activities and issues you strongly resonate with. Whenever you talk to colleagues who have done it before, you always hear positive things.

PRANJAL SUTHAR
SR. MANAGER CORPORATE STRATEGY

“Fill it Forward” water bottles

Definity continued supplying employees with “water bottles with a cause”. In 2022, 576 employees were active users of the Fill it Forward mobile app tracking reusable water bottle refills that saved 10,048 kWh of electricity, diverted about 240 kilograms of waste, avoided 7,756 kilograms of emissions, and prevented 48 kilograms of ocean pollution.

Charity of choice

In 2022, Definity celebrated Employee Appreciation Week with an inaugural iCare account seeding campaign, providing each of our employees with \$20 to donate to the charity of their choice. This initiative triggered an outpouring of generosity, with a total of 1,430 employees taking advantage of this opportunity by directing support to 429 causes across Canada.



EMPLOYEE MATCHING

Over \$76,000 in employee donations in 2022 were matched by Definity.

Our donation-matching program also reached record levels in 2022, with 34.2% of our employees donating through iCare and triggering \$76,423 in matching contributions by Definity.

During the year, 576 employees contributed financially to Red Cross appeals for natural disasters and humanitarian crises in Nova Scotia,

COMMUNITY IMPACT BY DEFINITY'S FAMILY OF BRANDS

Supporting our Brokers' communities

Through our Economical brand, we work closely with our broker partners to identify initiatives that support local communities where they live and work. In 2022, we responded to broker requests to invest \$146,000 in 20 Canadian communities across five provinces. These grants contributed to such initiatives as:



Supplying more than 73,000 meals to 500 residents through the Dr. Peter AIDS program



Providing inclusive sport opportunities for children and youth living with disabilities



Building a new YMCA facility that will help 1,000 children and their families stay active, healthy, and safe

Sonnet

Goals & Dreams (NHLPA)

Sonnet has supported the National Hockey League Players' Association (NHLPA) Goals & Dreams fund since 2020, providing grants for new equipment to organizations and programs that enable children to play the game of hockey.

In 2022, Sonnet and the NHLPA engaged with Mani-Utenam Indigenous community in Québec to provide equipment and increase access to the game for local children. The Everyone Deserves a Team campaign, created by the NHLPA Goals & Dreams fund in partnership with Sonnet, builds on the 20-year success of the NHLPA Goals & Dreams fund to make hockey more accessible and inclusive for young players across Canada.

Holland Bloorview – Capes for Kids Annual Fundraiser

For three years Sonnet has sponsored Capes for Kids, the largest annual fundraiser for Holland Bloorview Kids Rehabilitation hospital that supports vital research, programs, and services that transform the lives of children with disabilities and their families. Employees across Definity support this campaign by donating to team and individual fundraising goals, with all contributions matched by Definity.

The Hospital for Sick Children Foundation

In 2022, Sonnet made a three-year commitment to the Patient and Family spaces at the Hospital for Sick Children, creating warm and engaging environments where kids can simply be kids. SickKids Family Spaces are run by professionals who are trained in pediatric psychosocial care and child and youth development and provide essential support to patients at a time of increased stress, uncertainty, and isolation. Sonnet's donation allows SickKids to seamlessly operate the Child Life spaces through technological improvements and continuous staffing.

Petline

Petline supported several SPCAs and Humane Society locations throughout 2022 by contributing to matching campaigns for animal emergency response, including one for Lola, an 11-year-old dog surrendered to the BC SPCA suffering from a painful skin condition. Petline contributed \$3,000 to encourage others to donate to support her receiving the treatment she needed. Members of our Petline team also volunteered their time for organizations such as the Winnipeg Humane Society where they participated in a landscape beautification project by planting flowers, shoveling gravel, and picking weeds.



HARNESSING INNOVATION TO IMPROVE OUR OFFERINGS

In 2022 Definity continued to strengthen our enterprise innovation capabilities with a focus on our multi-cloud strategy, partnerships with industry leading players, and evolution of existing platforms to reflect ongoing changes in market dynamics, customer expectations, and technology. We became the first Canadian property and casualty insurer to have its core insurance platform for personal insurance take advantage of Guidewire Cloud Platform capabilities, positioning Definity to build scale, enhance service quality, and innovate with agility to explore new possibilities within our industry.

We continued to invest in our data platform to simplify automation, incorporate machine learning, build scalable infrastructure in our personal lines and individually rated commercial auto insurance origination, and enhance claims and underwriting operations. We continued to expand our use of application programming interfaces to support our ability to integrate with existing and emerging partners to build a seamless experience for our customers and brokers. Definity continued development of a unique personal auto insurance solution as an alternative to traditional auto insurance products.

Definity also continues to pursue strategic partnerships with other innovative companies. In 2022, we announced a new relationship with Google Cloud which will allow us to collaborate and leverage Google's advanced data systems, analytics, artificial intelligence, and machine learning to support the development of personalized customer solutions and internal capabilities in a highly secure cloud environment.

ENGAGING WITH OUR SUPPLIERS

Definity's success depends on the relationships that we nurture with our supplier partners and the relationships that they in turn build with our customers and communities.

We conducted an internal assessment in 2022 of how environmental and social considerations could be more formally integrated into our procurement and supplier management processes. This undertaking led to the adoption of a new [Supplier Code of Conduct](#) that includes considerations for vendors regarding the prioritization of environmental and social factors.

The following table provides an overview of our contributions to the Canadian economy through our procurement activities.

GOODS & SERVICES PURCHASED (DOLLAR AMOUNTS IN MILLIONS)	2022
<i>(Only includes suppliers with annual spending in excess of \$100,000)</i>	
Non-claims (standard business operations)	\$474
Claims (customer expenses such as auto and property repairs)	\$481
Total goods and services purchased	\$955
Total number of suppliers	800
Non-claims	222
Claims	578

OUR ENVIRONMENT



2022 HIGHLIGHTS



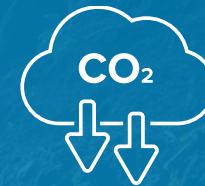
Formed research partnerships with two leading Canadian universities to **assess physical risks of climate change** on property insurance portfolios



Published a **Sustainable Investment Policy Statement** that outlines Definity's approach to incorporating ESG factors into the investment process, including exclusions related to tobacco, controversial weapons and thermal coal



Established a partnership with Bullfrog Power to inject **renewable energy** onto Canadian power grids and national pipeline network equivalent to Definity's total electricity consumption and total natural gas consumption from our owned facilities



Achieved a **10% reduction in Scope 1 and 2 greenhouse gas emissions (market-based)** year-over year, and a 35% reduction relative to 2019

SUSTAINABILITY AND STEWARDSHIP

Definity is continually working to fulfill our purpose of building a better world by helping our clients and communities adapt and thrive.

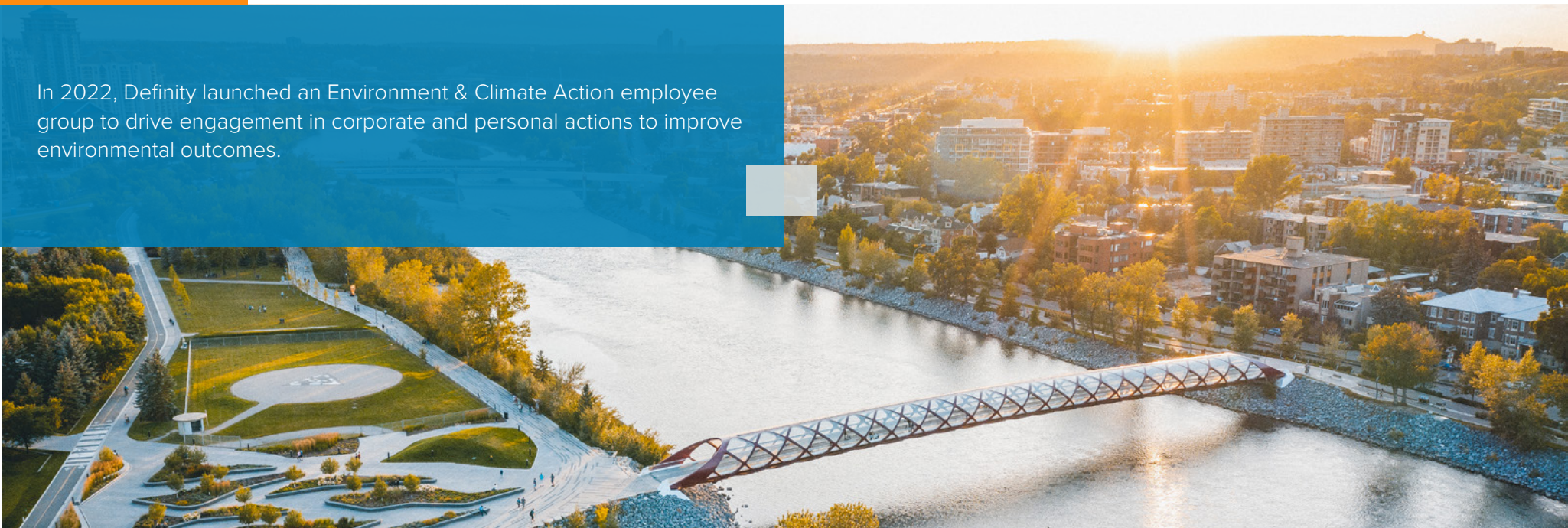
In 2022, we formally adopted a Policy that outlines our approach to supporting our family of companies in working toward making a positive environmental and social impact. It outlines our intention to effectively manage environmental and social risks and identifies opportunities for improvements through operations, investments, products, service offerings, and interactions with our communities. The approach is informed by the ESG principles that are detailed on page 12 of this report, and calls for Definity to:

- assess the environmental and social impacts of its activities
- demonstrate a corporate culture that considers environmental stewardship, inclusion, diversity, equity, and accessibility in its decision-making
- reduce its discharge of pollutants to water, land, and air
- reduce emissions associated with investments, including listed equities and corporate bonds
- support local, regional, and national community-based environmental and social initiatives by incenting employees to volunteer and donate
- listen to, consult, educate, and engage employees, brokers, and customers about environmental stewardship as well as inclusion, diversity, equity, and accessibility
- report progress annually through an ESG report or equivalent disclosure
- comply with environmental and human rights laws

Engaging employees in stewardship

The Environment & Climate Action (ECA) employee group celebrated Earth Day by incenting employees to organize and conduct neighbourhood or shoreline clean-up, hosted webinars in English and French about reducing waste, and facilitated a zero-waste challenge for employees. These efforts were combined with a waste audit at Definity's corporate headquarters in Waterloo which yielded a number of follow-up activities including improved waste sorting instructions for employees and more detailed waste management guidance for custodial service providers.

In 2022, Definity launched an Environment & Climate Action employee group to drive engagement in corporate and personal actions to improve environmental outcomes.



ENTERPRISE CLIMATE STRATEGY



PRODUCTS, SERVICES, AND CLAIMS

Provision of insurance to reduce the impacts of climate change and enhance resilience

ENTERPRISE RISK MANAGEMENT & ACTUARIAL

Managing climate-related risks to Definity's insurance operations, reserving, pricing, reinsurance, and capital management

OPERATIONS

Reducing the direct climate impacts of Definity's business operations

INVESTMENTS

Managing climate-related risks and opportunities for Definity's investment portfolio

ADVOCACY AND ENGAGEMENT

Contributing as a progressive partner toward a net zero emissions and climate-resilient future

GOVERNANCE AND REPORTING

Ensuring diligent oversight and transparency of Definity's climate change strategy



NAVIGATING THE CLIMATE CRISIS

The unfolding climate crisis is a defining issue for our planet and has profound implications across our country, society, and economy. Definity recognizes the potential risks and opportunities for our customers and our business, as well as the role that we can play in supporting the transition to a net-zero emissions future and helping to build resilience and adaptation capabilities in society.

Given that climate change has widespread implications for Definity's business operations, the risks and opportunities are overseen by our board of directors. The board has reviewed and endorsed Definity's ESG strategy — including its climate ambitions — and will review progress against key objectives at least annually.

A cross-functional Climate Change Working Group, co-chaired by leaders in the Enterprise Risk and ESG functions, supports the ongoing development and execution of the enterprise climate change strategy and reports regularly to the executive ESG Steering Committee.

Definity is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and its recommendations for transparency on climate-related risks and opportunities in the financial system. While our approach to climate change is summarized here, our complete climate-related financial disclosures can be found in the [2022 Climate Report](#).

UNDERSTANDING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Definity continues to develop its capabilities to model and evaluate the implications of various climate scenarios on its business and regions of operation. A previously conducted qualitative risk and opportunity scenario analysis was revisited in 2022 to assess considerations over the short, medium, and long term, and has been updated and is outlined in the [2022 Climate Report](#).

In 2022, Definity formed research partnerships with two leading Canadian post-secondary institutions to model the potential physical risks and impacts of climate change on the insurance industry, and by extension, Definity's business.

One research study focused on the potential effects of high emissions scenarios on pluvial flooding (resulting from extreme and/or concentrated rainfall in a short timeframe) and fluvial flooding (resulting from riverine inundation that causes water to flow on surrounding land) across Canada in future decades. To assess the potential impacts on future portfolio losses, the probabilities of future pluvial and fluvial flooding were overlaid on hypothetical but plausible future insurance portfolios.

Further modelling work has also been undertaken to examine potential impacts of high emissions scenarios on the frequency of various severe weather events in Canada's largest metropolitan areas, as well as on potential changes to tropical and sub-tropical cyclone activity in Atlantic Canada and the corresponding potential impacts to sample insurance portfolios.

The outputs of this modelling have provided Definity with useful insights that can be taken into account as our climate risk management approach evolves. Over time, development of these and further insights could prove useful to our business decisions including individual risk selection, policy wording, pricing, insurance and investment portfolio strategy, reinsurance, customer communications, and more.

Additionally, as part of Definity's 2022 financial condition testing program, we assessed the financial impact to our operations of a variety of simultaneous severe weather events including a severe convective storm, a winter storm, a tropical cyclone, a flood, and a wildfire. The severity of these modelled events was calibrated using internal criteria. The result of this stress testing of this scenario was that Definity would remain financially stable and able to fulfill our contractual obligations, all within the context of the assumptions and methodology of the testing.



ENABLING MORE SUSTAINABLE OUTCOMES FOR OUR CUSTOMERS AND COMMUNITIES

Definity strives to help our customers to achieve better social and environmental outcomes through our product and service offerings. This includes reducing greenhouse gas emissions and waste to landfill, avoiding and mitigating losses due to climate change impacts and strengthening our inclusive language.

These offerings can help Definity build trust and loyalty with its customers and attract new ones who are seeking to understand, manage, and mitigate the effects of climate change on their property or activities. Our Climate Change Working Group supports, through our lines of business, the enhancement and promotion of existing climate-related offerings as well as supporting the development of further climate-related innovations and offerings across the business.

We use product and underwriting practices to support more sustainable outcomes through loss prevention strategies, comprehensive review, and assessment of ESG factors, and discounts that incentivize environmentally responsible actions and/or behaviours. For example, we provide:

- Discounts on auto insurance to incent behaviour that reduces risk (e.g., installing an after-market immobilization device and/or audible alarm)
- Discounts on property insurance to incent behaviour that reduces risk (e.g., installing a security alarm, sump pump, or backflow valve, or having professionally installed water sensors)
- A “green endorsement” on commercial and personal property policies. If the basis of settlement is replacement cost, we pay a defined amount for increases in direct cost to repair or replace damaged or destroyed property using what we consider to be environmentally friendly and energy efficient products
- In our professional lines, we review various ESG issues for each risk, including Board diversity, executive pay, environmental impacts of operations, geographical footprint (related to a foreign corruption index), corporate governance policies, and more
- For our commercial property clients, we include a review of climate risk in the underwriting process to understand how they may be exposed to natural catastrophes and other weather-related events
- Amended coverage for residential solar panels so that the customer can install solar panels and batteries to store energy and, in some instances, receive government or utility credits for installation and any surplus energy generated

- A relationship between Sonnet and FLO, one of North America’s largest electric vehicle charging networks, to offer insurance discounts to FLO members who have an EV on their auto insurance policy, as well as providing Sonnet customers with discounts on FLO products
- Updated flood maps and changed sewer backup and flood coverage, which allowed us to provide coverage to more property owners
- We provide electronic copies of policy documentation, which improves accessibility for brokers and clients and reduces environmental footprint
- In Ontario Personal Auto and Individually Rated Commercial Auto we have included a Gender X option in the Guideware platform to be inclusive of those who do not identify exclusively as male or female.

Risk Services

Definity’s commercial Risk Services team supports customers with on-site risk analysis and loss prevention and mitigation. We offer a full suite of loss prevention services for the manufacturing, agriculture, transportation, and service industries. Our loss-prevention services include:

- on-site risk analysis
- risk reduction
- controls evaluation
- action plans
- loss-prevention programs
- customized risk-reduction tools
- claims analysis
- accident analysis
- training and seminars
- knowledge transfer
- best practices by industry or operation
- tools and tips
- case studies
- fleet management
- thermography inspection for eligible operations

PARTNERSHIPS AND ADVOCACY FOR A CLIMATE READY FUTURE

In 2022, Definity joined Climate Proof Canada, a cross-sector coalition that advocated for the creation of a federal approach to climate change adaptation and resilience. We are encouraged by the recent release of the National Adaptation Strategy, which outlines measures related to disaster resilience, health and well-being, nature and biodiversity, infrastructure, and economy and workers. A whole-of-society approach is needed for both mitigation and adaptation and the insurance sector can and must play a meaningful role in both. We will continue to use our voice to advocate for thoughtful and measured public policy and investment to support climate adaptation efforts across Canada.

Definity is a member of the Institute for Catastrophic Loss Reduction. Its mission is to reduce the loss of life and property caused by severe weather and earthquakes through the identification and support of sustained actions that improve society's capacity to adapt to, anticipate, mitigate, withstand, and recover from natural disasters.

We are also a participant in Insurance Bureau of Canada's ongoing efforts to advocate for a national resiliency strategy and other public policies designed to help protect Canadians from severe weather and earthquakes.

Climate change has also been identified as a priority for community investment and social impact strategy and will continue to be an increasing focus for non-profit and academic partnership development in the coming years. Some of our climate-related charitable partnerships are detailed under "Community Investment & Social Impact" on page 40.

DRIVING TOWARD NET-ZERO

Definity has committed to achieving net-zero emissions from both its operations and investment portfolio (listed equities and corporate bonds) by 2040 or sooner.

In early 2022, Definity committed to the Science-Based Targets initiative (SBTi) and has subsequently submitted for validation its above near-term and net zero targets per the requirements of SBTi.

Definity's greenhouse gas inventory below was prepared using the methodology prescribed by the GHG Protocol⁶. Due to the nature of Definity's operating impacts as a property and casualty insurer, certain Scope 3 categories are deemed to be immaterial and have been omitted (e.g., upstream and downstream transportation and distribution; processing, use, and end-of-life treatment of sold products).

An increase in Scope 1 emissions was driven by an increase in fleet vehicle usage, reflecting business growth and normalization of activity to pre-pandemic levels. Electrification of fleet vehicles has been identified as a priority for achievement of Definity's net-zero ambition. Market-based Scope 2 emissions for 2022 reflect purchasing of renewable energy certificates (RECs) through Bullfrog Power to account for total enterprise electricity consumption as well as market-based Scope 1 emissions for 2022 reflect purchasing of green natural gas certificates to account for total natural gas consumption from owned facilities. In addition to reducing the greenhouse gas footprint of our own business, the proceeds from our [partnership with Bullfrog Power](#) are mobilized to support the development of [community renewable energy projects](#) like these ones.



SCOPE 1 EMISSIONS (t CO ₂ e) ⁷	2022	2021	2020
Stationary Combustion	929	971	1,247
Refrigerants	157	137	142
Fleet	614	471	432
Total Scope 1 emissions	1,700⁸	1,579	1,820
GHG reductions from green natural gas purchasing	447	--	--
Total Scope 1 emissions net of reductions from green natural gas (GNG) purchasing	1,253	1,579	1,820
SCOPE 2 EMISSIONS (t CO ₂ e)	2022	2021	2020
Electricity	298	340	387
Steam	48	45	39
Total Scope 2 location-based emissions	346⁸	385	426
GHG reductions from renewable energy certificates (RECs)	282	--	--
Total Scope 2 market-based emissions	64⁸	385	426
TOTAL SCOPE 1 AND 2 EMISSIONS (LOCATION-BASED)	2,046	1,964⁹	2,246
TOTAL SCOPE 1 AND 2 EMISSIONS (MARKET-BASED)	1,764	1,964⁹	2,246

Note: Definity's full GHG inventory, including Scope 3 can be found in the Appendix of this report.

⁶GHG Protocol: <https://ghgprotocol.org>

⁷A full comprehensive view and breakdown of 2022 emissions can be viewed in the Appendices beginning on page 60, under Greenhouse gas emissions.

⁸Included in the scope of limited assurance provided by EY

⁹Scope 1 and 2 emissions for the 2021 fiscal year have been restated due to methodology improvements.



RESPONSIBLE INVESTMENT

Our insurance business is supported by our investment management activities. We had approximately \$4.9 billion in investments on December 31, 2022. A key tenet of our investment philosophy is the preservation of capital through portfolio diversification and a strong focus on quality assets.

Definity has integrated ESG considerations, including third-party ESG ratings, into its investment process for listed equities and corporate bonds. In 2022, we formally integrated climate change targets and other ESG factors into its Investment Policy Statement.

INVESTMENT POLICY

We consider ESG factors in the selection of investments, using a composite of ESG ratings in recognition of the different methodologies that they employ. In 2022, our Investment Policy was revised to explicitly reference the consideration of ESG factors that may influence the risk-adjusted returns of our holdings; this specifically excludes direct investments in businesses for which 5% or more of revenue comes from manufacturing of tobacco products, manufacturing or distribution of controversial weapons, or thermal coal mining and/or coal-fired power generation where no credible plan exists to decommission these assets by 2030. Our commitment to incorporating ESG considerations into investment portfolio management is summarized in a [Sustainable Investment Policy Statement](#).

Diversification is a primary area of focus when devising portfolio structure and investment inclusion. The investment portfolio is diversified by asset class and by different levels and qualities of risk to minimize the risk of large losses while optimizing after-tax returns, unless prevailing circumstances render it imprudent to do so. We also seek to ensure that our investment portfolio is well diversified in respect to climate risks and opportunities across regions and industries, and liquid enough to enable rapid shifts, if necessary.

Definity actively reviews and votes on company proxies. Where there is disagreement with certain aspects of company management, we communicate with companies noting our issues and recommend a course of action that we believe is in the best interest of Definity.

Definity's Chief Investment Officer is accountable for the execution of our investment strategy. Additionally, the Executive Investment Committee oversees compliance with our Investment Policy Statement, which includes considerations relating to climate change and other ESG risks and opportunities. The committee is also responsible for assessing the potential impacts of external, economic, capital markets, and regulatory environment influences on the company's investment portfolios, strategies, and operations.

Compliance monitoring is performed by the Enterprise Risk Management (ERM) team, which also monitors the financed emissions associated with our investment portfolio. These processes:

- help provide a level of transparency with respect to investment performance reporting and compliance
- monitor investments so that they reflect our policies and commitments (e.g., supporting reduction of GHGs)
- help provide confidence to our stakeholders that a robust monitoring process is in place

INVESTING WITH CLIMATE IN FOCUS

Definity has set a goal to reach net-zero financed emissions (listed equities and corporate bonds) by 2040 or sooner. Interim targets are set on an intensity basis to account for future portfolio growth, and these may be revised in the future as measurement and reporting standards evolve and/or include additional asset classes.

Definity acknowledges the late-2022 release of the second version of the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for Financed Emissions and the PCAF Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions. We intend to apply these methodologies and expand the scope of our financed emissions reporting for these assets and activities we determine to be as appropriate over time.

Financed emissions (Scope 3 Category 15 – Investments) from listed equities and corporate bonds were calculated using the methodology prescribed by PCAF. Definity’s financial exposures for these calculations are as of December 31 of the reported year, while the Scope 1 and 2 emissions used for portfolio companies are the data most recently reported prior to that date.

Because Definity’s investment portfolio is heavily weighted towards bonds, our financed emissions calculations are particularly sensitive to fluctuations in the enterprise value of issuers in the portfolio. For example, if the share price of an emissions-intensive company were to rise substantially between reporting dates, this could significantly reduce the attribution factor of a corporate bond held by Definity (the relatively static book value of the debt as a percentage of the issuer’s higher enterprise value) which is in turn multiplied against the issuer’s emissions to determine Definity’s financed emissions for that holding. If the share price of the same company were to fall significantly, this would reduce the enterprise value of the company and therefore increase the attribution factor of the bond held by Definity, resulting in higher financed emissions. Year-over-year development is primarily influenced by increased exposure to the energy sector and decreased exposure to financials.

Sovereign bonds make up a substantial part of Definity’s investment portfolio, and we intend to apply the corresponding PCAF methodology to measure the financed emissions associated with this asset class. We may disclose these figures in the future, and may revisit our investments emissions targets to incorporate this asset class if deemed to be feasible and appropriate.

	2022	2021	2020
Financed emissions from investments (listed equities and corporate bonds)	59,783 ¹⁰	47,729 ¹¹	57,200 ¹²
Emissions intensity of investments (t CO ₂ e per \$ million invested)	23.16	18.19	26.14

¹⁰Data quality score for 2022, as per PCAF methodology: 1.55

¹¹Data quality score for 2021, as per PCAF methodology: 2.06

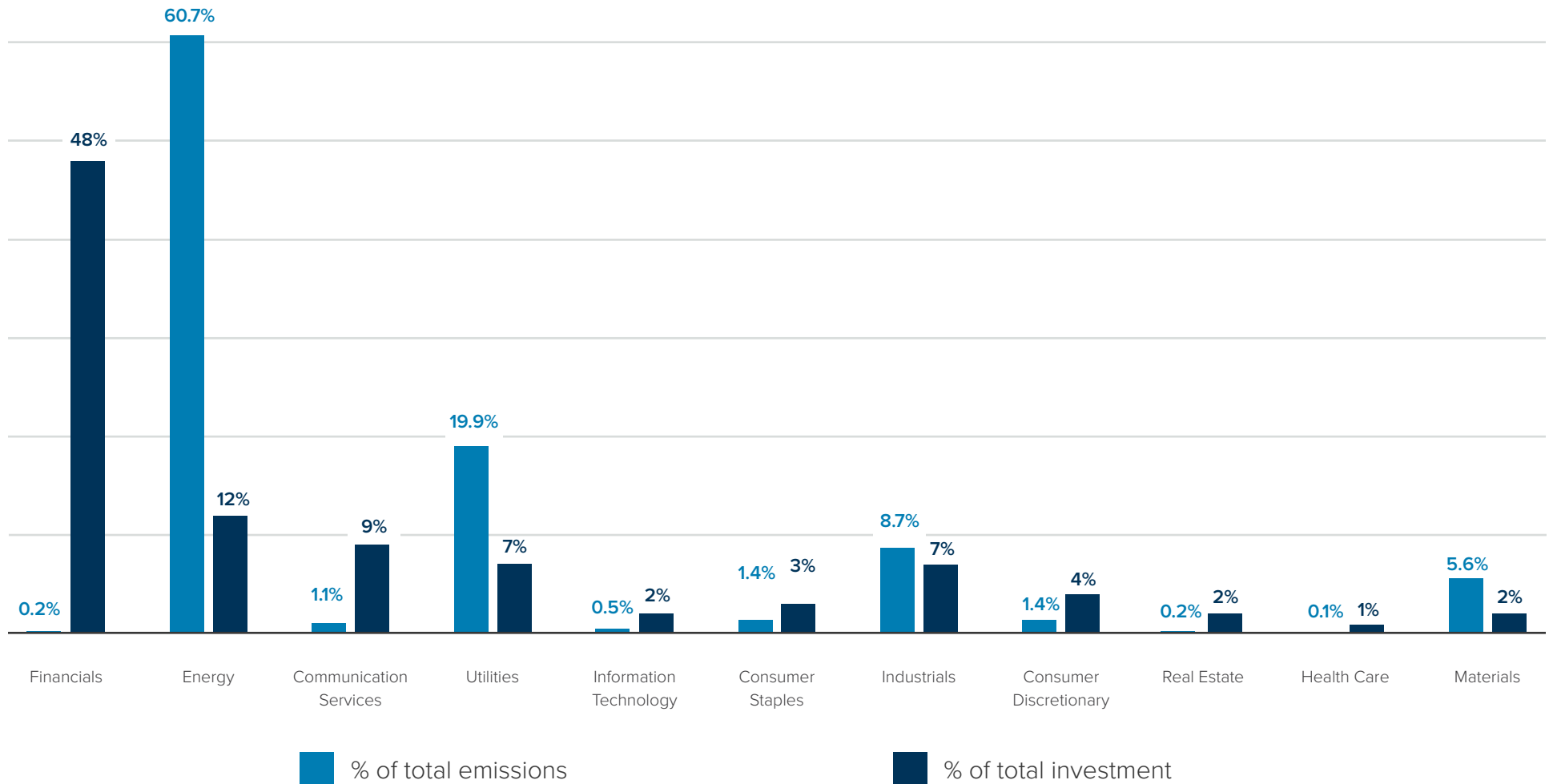
¹²Data quality score for 2020, as per PCAF methodology: 2.13



Below is a comparison of the share of investment emissions associated with Definity’s holdings of listed equities and corporate bonds by industry sector versus the share of portfolio holdings in those sectors, as of December 31, 2022.

% INVESTMENT EMISSIONS VS. % INVESTMENT EXPOSURE, BY INDUSTRY SECTOR

(Listed equities and corporate bonds only)



APPENDICES

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDICATORS

INSURANCE INDUSTRY STANDARD FN-IN

The below index contains commentary or references for a non-exhaustive list of SASB indicators for the insurance industry.

TOPIC	ACCOUNTING METRIC	CATEGORY	SASB CODE	RESPONSE
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	Quantitative	FN-IN-270a.1	In management's opinion, any amounts should not have a material effect on our business results or financial position.
	Complaints-to-claims ratio	Quantitative	FN-IN-270a.2	The number of claims-related customer complaints investigated by our ombudsperson in 2022 is 229. The number of new claims filed in 2022 is 362,007.
	Description of approach to informing customers about products	Discussion and Analysis	FN-IN-270a.4	Please refer to "Helping our Customers Adapt and Thrive" on page 34.
Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	Quantitative	FN-IN-410a.1	Please refer to "Investment Portfolio" on page 66.
	Description of approach to incorporation of ESG factors in investment management processes and strategies	Discussion and Analysis	FN-IN-410a.2	Please refer to "Responsible Investment" on page 54.
Policies Designed to Incentivize Responsible Behavior	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	Discussion and Analysis	FN-IN-410b.2	Please refer to "Enabling more sustainable outcomes for our customers and communities" on page 52.

TOPIC	ACCOUNTING METRIC	CATEGORY	SASB CODE	RESPONSE
Environmental Risk Exposure	<p>Description of approach to incorporation of environmental risks into:</p> <ol style="list-style-type: none"> 1. The underwriting process for individual contracts 2. The management of firm-level risks and capital adequacy 	Discussion and Analysis	FN-IN-450a.3	Please refer to "Insurance Risk" on pages 50–63 and 104–107 of our 2022 Annual Report .
Systemic Risk Management	<p>Exposure to derivative instruments by category:</p> <ol style="list-style-type: none"> 1. Total potential exposure to noncentrally cleared derivatives, 2. Total fair value of acceptable collateral posted with the Central Clearinghouse, and 3. Total potential exposure to centrally cleared derivatives 	Quantitative	FN-IN-550a.1	Please refer to "Derivative financial instruments" on page 97 of our 2022 Annual Report .
	Total fair value of securities lending collateral assets	Quantitative	FN-IN-550a.2	Please refer to "Off-Balance Sheet Liabilities and Contingencies" on page 46 of our 2022 Annual Report .
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	Discussion and Analysis	FN-IN-550a.3	Please refer to "Risk Management and Corporate Governance" on pages 50–63 of 2022 Annual Report .
Activity Metric	<p>Number of policies in force, by segment:</p> <ol style="list-style-type: none"> 1. Property and casualty, 2. Life, 3. Assumed reinsurance 	Quantitative	FN-IN-000.A	The total number of personal policies in force for 2022 is 1,622,624.

ESG PERFORMANCE TABLES

EMPLOYEES

WORKFORCE	2022	2021	2020
Permanent	3504	2951	2662
Temporary	51	56	33
Total number of employees	3555	3007	2695
Sonnet	259	205	212
Petline	154	132	125
Economical	3054	2593	2282
Family	88	77	76

REPRESENTATION AND DIVERSITY	2022	2021 ¹³	2020 ¹³
Total Company			
Women ¹⁴	57% ¹⁵	58%	60%
Men ¹⁴	43% ¹⁵	42%	40%
LGBTQ+ ¹⁶	Not measured*	10% ^{15, 17}	Not measured*
Black, Indigenous, and People of Colour ¹⁶	Not measured*	28% ^{15, 17}	Not measured*
Persons with [dis]abilities ¹⁶	Not measured*	18% ^{15, 17}	Not measured*
Vice Presidents and above			
Women ¹⁴	19% ¹⁵	22%	28%
Men ¹⁴	81% ¹⁵	78%	72%
Managers, Directors and Assistant Vice Presidents			
Women ¹⁴	45% ¹⁵	46%	46%
Men ¹⁴	55% ¹⁵	54%	54%

BOARD COMPOSITION	
Tenure	
0-4 years	4
5-10 years	6
>10 years	3
Average Total	7 Years

BOARD COMPOSITION	
Gender	
Male	9 (69%)
Female	4 (31%)

*Employee census is to be conducted every other year.

¹³Some 2020 and 2021 values have been restated due to a change in methodology.

¹⁴Represents an average over twelve months, based on internally collected self-identification data, limited to binary options, and not including employees of Family Insurance or businesses acquired during the fiscal year. Headcount includes active and regular employees, excluding employees on paid leaves, co-ops and students, independent contractors or individuals employed by a third-party staffing agency.

¹⁵Included in the scope of limited assurance provided by EY.

¹⁶Not including businesses acquired in the second quarter.

¹⁷Data as of October 2021, based on self-identification via an employee survey administered by a third-party with a response rate of approximately 63%. These performance indicators may include employees who have selected more than 1 option within the survey and thus the reported values are not designed to adjust for double counting due to the intersectionality within the employee population.

ENVIRONMENT

Criteria

The Scope 1 and Scope 2 GHG emissions have been calculated and disclosed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol) issued by the World Business Council for Sustainable Development and the World Resources Institute.

Organizational Boundary

As defined by the GHG Protocol, Definity uses operational control as its consolidation approach for its organizational boundary, accounting for 100 percent of the GHG emissions from operations over which it can introduce and implement operating decisions. In the case of Definity, use of the operational control approach requires inclusion of all owned and leased office locations and leased vehicles.

The 2019 fiscal year has been selected as the baseline year as a realistic reference point for operational conditions prior to the COVID-19 pandemic. Material changes to Definity's business (e.g. acquisitions/ divestitures, insourcing/outsourcing) that change the profile of its operations may warrant a restatement of this baseline and a corresponding recalculation. The significance threshold is quantitatively defined as a 5% change of the base year amounts.

Operational Boundary

Refer to the table below for a detailed description of 2022 direct and indirect sources of GHG emissions.

DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS SOURCES	
EMISSIONS SOURCE	DESCRIPTION
Scope 1	
Stationary Combustion	Emissions from the combustion of fuels in stationary equipment for heating within offices
Mobile Combustion	Emissions from the combustion of fuels in long-term leased vehicles
Refrigeration	Emissions from intentional and unintentional gas releases for cooling within offices
Scope 2	
Electricity	Emissions associated with the use of purchased grid electricity for company operations
Steam	Emissions associated with purchased steam for company operations

List of GHGs

Definity's emissions includes the following GHGs related to energy consumption and refrigerants: CO₂, CH₄, N₂O and hydrofluorocarbons (HFCs). Perfluorocarbons (PFCs), NF₃ and SF₆ are not emitted through company operations.

Emission Factor Source and Data Estimation

Where direct consumption data was not available for specific activities, estimations were calculated using various sources as detailed on page 63.

Greenhouse Gas Emissions Performance

SCOPE 1 EMISSIONS (t CO ₂ e)	2022	2021	2020
Stationary Combustion	929	971	1,247
Refrigerants	157	137	142
Fleet	614	471	432
Total Scope 1 emissions	1,700¹⁶	1,579	1,820
GHG reductions from green natural gas purchasing	447	--	--
Total Scope 1 emissions with reductions from green natural gas purchasing	1,253	1,579	1,820

SCOPE 2 EMISSIONS (t CO ₂ e)	2022	2021	2020
Electricity	298	340	387
Steam	48	45	39
Total Scope 2 location-based emissions	346¹⁶	385	426
GHG reductions from renewable energy certificates (RECs)	282	--	--
Total Scope 2 market-based emissions	64¹⁶	385	426

TOTAL SCOPE 1 AND 2 EMISSIONS (LOCATION-BASED)	2,046	1,964¹⁷	2,246
TOTAL SCOPE 1 AND 2 EMISSIONS (MARKET-BASED)	1,764	1,964¹⁷	2,246

¹⁶Included in the scope of limited assurance provided by EY

¹⁷Scope 1 and 2 emissions for the 2021 fiscal year have been restated due to methodology improvements.

SCOPE 3 EMISSIONS (t CO ₂ e)	2022	2021	2020
Purchased goods and services	19,750	17,864	16,344
Capital goods	3,885	3,112	3,491
Fuel and energy activities	234	308	384
Waste generated in operations	84	182	180
Business travel	587	272	308
Employee commuting	568	553	542
Scope 3 Emissions without investments	25,108	22,291	21,249
Scope 3 Category 15 – Investments (listed equities and corporate bonds only)	59,783 ¹⁸	47,729 ¹⁹	57,200 ²⁰
Emissions intensity of investments – listed equities and corporate bonds (t CO ₂ e per million dollars invested)	23.16	18.19	26.14
Total Scope 3 Emissions	84,891	70,020	78,449

TOTAL SCOPE 1, 2 & 3 EMISSIONS	86,937	71,984	80,695
TOTAL SCOPE 1, 2 AND 3 EMISSIONS (MARKET-BASED)	86,655	71,984	80,695
TOTAL SCOPE 1, 2 AND 3 EMISSIONS NET OF REDUCTIONS FROM GNG AND RECS	86,208	71,984	80,695

¹⁸Data quality score for 2022, as per PCAF methodology: 1.55

¹⁹Data quality score for 2021, as per PCAF methodology: 2.06

²⁰Data quality score for 2020, as per PCAF methodology: 2.13

2022 TOTAL EMISSIONS	CO ₂ (t)	CH ₄ (t)	N ₂ O (t)	HFCs (t)	CH ₄ (t CO ₂ e)	N ₂ O (t CO ₂ e)	HFCs (t CO ₂ e)	TOTAL (t CO ₂ e)
Scope 1 emissions								
Stationary Combustion	924	0.02	0.02	-	0.53	4.58	-	929
Refrigeration	-	-	-	0.08	-	-	156.84	157
Mobile Combustion	614	0.012	0.002	-	0.35	0.61	-	614
Total Scope 1 emissions								1,700²¹
Scope 2 – location-based emissions								
Electricity	294	0.05	0.01	-	1.60	2.03	-	298
Steam	48	0.0009	0.0001	-	0.03	0.02	-	48
Total Scope 2 location-based emissions								346²¹
Scope 2 – market-based emissions								
Electricity	294	0.05	0.01	-	1.60	2.03	-	298
Steam	48	0.0009	0.0001	-	0.03	0.02	-	48
GHG reductions from renewable energy certificates (RECs)				-			-	282
Total Scope 2 market-based emissions								64²¹
Total Scope 1 & 2 emissions (location-based)								2,046
Total Scope 1 & 2 emissions (market-based)								1,764

²¹Included in the scope of limited assurance provided by EY

Sources and Assumptions for Scope 1 and Scope 2 Greenhouse Gas Emissions

EMISSIONS SOURCE	GWP & EMISSION FACTOR SOURCES	ASSUMPTIONS
Global Warming Potentials (GWP)	All GWPs are from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), except for the R-123 GWP which is from the Fifth Assessment Report of the IPCC.	
Stationary Combustion	National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada.	<p>a. Where whole building stationary combustion data are available, but Definity does not occupy the whole building:</p> <ul style="list-style-type: none"> • Calculated annual consumption per square foot of full building using data provided by the broker or landlords. • Multiplied per square foot consumption by Definity's occupied building square footage. <p>19% of emissions were calculated using data provided by brokers or landlords.</p> <p>b. Where no 2022 consumption data are available and no 2021 consumption data was provided:</p> <ul style="list-style-type: none"> • Estimated annual consumption using average intensity for office buildings in relevant province, provided by Natural Resources Canada and multiplied by Definity's office floor area. <p>23% of emissions were calculated using this method.</p> <p>c. Where no 2022 consumption data was available, but 2021 actual consumption data was provided:</p> <ul style="list-style-type: none"> • 2021 actual data were used as it was the most recently available at the time the inventory was prepared. <p>7% of emissions were calculated using this method.</p>
Refrigeration	GWPs from IPCC AR6 EPA's HFC Emissions Accounting Tool	Refrigerant gas emissions estimated using the EPA's HFC Emissions Accounting Tool Simplified Screening 2 Approach based on type of building (warehouse, service, and industrial or office) and square footage of facility, and duration the space was occupied for the reporting year. Assumed R-410, a refrigerant blend consists of 50 percent HFC-125 (R-125) and 50 percent HFC-32 (R-32) by weight where the actual gas type is not available.

EMISSIONS SOURCE	GWP & EMISSION FACTOR SOURCES	ASSUMPTIONS
Electricity	National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada.	<p>a. Where whole building electricity consumption data are available, but Definity does not occupy the whole building:</p> <ul style="list-style-type: none"> • Calculated annual consumption per square foot of full building, using data provided by the broker or landlords. • Multiplied per square foot consumption by Definity's occupied building square footage. <p>25% of emissions were calculated using consumption data provided by brokers or landlords.</p> <p>b. Where no 2022 consumption data are available, and no 2021 actual consumption data was provided:</p> <ul style="list-style-type: none"> • Estimated annual consumption using average intensity for office buildings in relevant province, provided by Natural Resources Canada and multiplied by Definity's office floor area. <p>32% of emissions were calculated using this method.</p> <p>c. Where no 2022 consumption data are available, but 2021 actual consumption data was provided:</p> <ul style="list-style-type: none"> • 2021 actual data were used as it was the most recently available at the time the inventory was prepared. <p>21% of emissions were calculated using this method.</p>
Steam	US Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories, April 2023	<p>a. Where whole building steam consumption data are available, but Definity does not occupy the whole building:</p> <ul style="list-style-type: none"> • Calculated annual consumption per square foot of full building using data provided by the broker • Multiplied per square foot consumption by Definity's occupied building square footage. • Boiler fuel is natural gas and boiler efficiency is assumed to be at 80% thermal efficiency. <p>Emissions for the 1 location where steam is being used is calculated using data provided by the broker.</p>
Mobile Combustion	EPA Emission Factors for Greenhouse Gas Inventories, April 2023	Mobile combustion is calculated using fleet data obtained from Definity's fleet service provider for kilometers driven and litres of fuel consumed. Mobile combustion data is entered by Definity employees who operate the vehicles.



PROCUREMENT EXPENSES

PROCUREMENT	2022	2021	2020
Only includes suppliers with annual spending in excess of \$100,000			
Total goods & services purchased (in millions)			
Non-claims (standard business operations costs)	\$474	\$398	\$337
Claims (expenses such as auto and property repairs, legal services, and healthcare-related services)	\$481	\$227	\$290
Total number of suppliers			
Non-claims	222	204	190
Claims	578	568	446

INVESTMENT PORTFOLIO			
(in millions of dollars, except as otherwise noted)	2022	2021	2020
Total portfolio			
By class			
Short-term investments	89.3	88.8	218.2
Bonds	3,923.7	4,233.8	3,400.7
Preferred stocks	298	405.7	336.6
Common stocks	517.7	570.5	329.8
Pooled funds	57.2	42.7	43.4
Commercial loans	12.0	24.3	37.6
Total	\$4,897.9	\$5,365.8	\$4,366.3
Region of issuer			
Canada	4,669.9	5,112.6	4,205.5
United States	152.8	164.6	86.2
Europe	36.9	37.0	25.2
Other	26.3	27.3	11.8
Total	\$4,885.9	\$ 5,341.5	\$4,328.7

INVESTMENT PORTFOLIO			
(in millions of dollars, except as otherwise noted)	2022	2021	2020
Investment portfolio sector mix			
Government	48%	49%	49%
Financials	24%	29%	29%
Energy	6%	4%	4%
Communication services	6%	2%	2%
Industrials	4%	4%	4%
Utilities	4%	4%	5%
Consumer discretionary	2%	2%	2%
Materials	1%	1%	1%
Consumer staples	1%	1%	1%
Information technology	1%	2%	1%
Health care	1%	1%	1%
Real estate	2%	1%	1%
Total	100%	100%	100%

FINANCIAL HIGHLIGHTS			
(in millions of dollars, except as otherwise noted)	2022	2021	2020
Consolidated financial results			
Gross written premiums	3,613.8	3,231.4	2,814.7
Net written premiums	3,452.1	2,991.3	2,639.8
Net earned premiums	3,248.6	2,833.6	2,508.7
Underwriting income (loss)	192.3	194.5	136.4
Net investment income	133.1	96.8	100.3
Recognized (losses) gains on investments	(228.3)	(20.8)	79.8
Effective tax rate	17.2%	24.2%	23.3%
Net income (loss)	252.6	213.2	153.9
Non-operating (losses) gains ⁽¹⁾	(6.2)	(9.7)	(41.5)
Operating income (loss) ⁽¹⁾	310.5	290.9	242.1
Operating net income (loss) ⁽¹⁾	238.9	220.4	184.4
Claims ratio ⁽¹⁾	61.2%	60.8%	62.3%
Expense ratio ⁽¹⁾	32.9%	32.3%	32.3%
Combined ratio ⁽¹⁾	94.1%	93.1%	94.6%
Per share measures (in dollars)			
Earnings (loss) per common share, basic	\$2.19	\$2.03	\$1.48
Earnings (loss) per common share, diluted	\$2.15	\$2.02	\$1.48
Operating earnings (loss) per share ⁽¹⁾	\$2.04	\$2.09	\$1.77
Book value per share ⁽¹⁾	\$20.74	\$20.68	\$17.48
Return on equity (for the last 12 months)			
ROE ⁽¹⁾	10.6%	9.0%	1.1%
Operating ROE ⁽¹⁾	10.0%	11.0%	-0.3%

FINANCIAL HIGHLIGHTS			
(in millions of dollars, except as otherwise noted)	2022	2021	2020
Financial position			
Total investments	4,897.9	5,365.8	4,366.3
Total assets	8,316.8	7,891.4	6,620.3
Total equity	2,480.4	2,396.3	1,818.0
Minimum capital test (MCT) ratio ⁽²⁾	204%	275%	268%
Financial capacity ⁽¹⁾	658.5	1,057.8	n/a

Notes:

(1) This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary financial measures and non-GAAP financial measures and ratios in Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q4-2021 MD&A.

(2) Consolidated Definity Insurance Company.

ASSURANCE REPORT



Independent practitioner's assurance report

To the Management of Definity Financial Corporation

Scope

We have been engaged by Definity Financial Corporation ("Definity") to perform a 'limited assurance engagement,' as defined by Canadian Standards on Assurance Engagements, hereafter referred to as the engagement, to report on select performance indicators detailed in the accompanying Schedule (collectively, the "Subject Matter") contained in Definity's 2022 ESG Report (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Definity

In preparing the Subject Matter, Definity applied the applicable guidance contained within the Greenhouse Gas ("GHG") Protocol: Corporate Accounting and Reporting Standard and Scope 2 Guidance (the "GHG Protocol") and internally developed criteria (collectively, the "Criteria"), as identified and described in the accompanying Schedule. The internally developed criteria were specifically designed for the preparation of the Report. As a result, the Subject Matter may not be suitable for another purpose.

Definity's responsibilities

Definity's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Canadian Standard on Assurance Engagements ("CSAE") 3000, *Attestation Engagements Other than Audits or Reviews of*



Historical Financial Information ("CSAE 3000") and CSAE 3410, *Assurance Engagements on Greenhouse Gas Statements* ("CSAE 3410"). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.



Our procedures included:

- ▶ Conducting interviews with relevant personnel to obtain an understanding of the process for collecting, collating, and reporting the Subject Matter;
- ▶ Undertaking analytical review, reperforming select calculations and comparing, on a limited sample basis, to underlying source information; and
- ▶ Reviewing the presentation and disclosure of the Subject Matter in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Inherent limitations

Non-financial information, such as the Subject Matter, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the Subject Matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques which can result in materially different evaluation and can impact comparability between entities and over time.

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter for the reporting period outlined in the accompanying Schedule, is not prepared, in all material respects, in accordance with the Criteria.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

May 15 2023
Toronto, Canada

Schedule

Our limited assurance engagement was performed on the following Subject Matter:

Subject Matter ¹	Criteria	Unit	For the Year Ended December 31 2022	Report Page(s)
Scope 1 Greenhouse Gas ("GHG") emissions	GHG Protocol	tCO ₂ e	1,700	53, 61, 62
Scope 2 GHG emissions (location-based)	GHG Protocol	tCO ₂ e	346	53, 61, 62
Scope 2 GHG emissions (market-based)	GHG Protocol	tCO ₂ e	64	53, 61, 62
Total charitable donations	Internally developed criteria	\$	2,933,772	40
Percentage of total employees that identify as women	Internally developed criteria	%	57	59
Percentage of total employees that identify as men	Internally developed criteria	%	43	59
Percentage of Vice Presidents (VPs) and above that identify as women	Internally developed criteria	%	19	59
Percentage of Vice Presidents (VPs) and above that identify as men	Internally developed criteria	%	81	59
Percentage of Managers, Directors, and AVPs that identify as women	Internally developed criteria	%	45	59
Percentage of Managers, Directors, and AVPs that identify as men	Internally developed criteria	%	55	59

Subject Matter ¹	Criteria	Unit	For the Year Ended December 31 2021	Report Page(s)
Percentage of total employees that identify as Lesbian, Gay, Bisexual, Transgender, and Queer plus ("LGBTQ+")	Internally developed criteria	%	10	59
Percentage of total employees that identify as Black, Indigenous, and People of Colour ("BIPOC")	Internally developed criteria	%	28	59
Percentage of total employees that identify as persons with [dis]abilities	Internally developed criteria	%	18	59

¹ Significant contextual information necessary to understand how the data has been compiled has been disclosed in the Report.

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