

## Director Compensation

### Board of Directors Compensation Philosophy

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

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

### Principles

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

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

## ***Director Compensation (continued...)***

### **Current Compensation**

In 2021 a comprehensive review of the directors' compensation was initiated with the assistance of a two major consulting firms. A survey of peer organizations was administered, including banks; credit unions and diversified financial services providers; insurance companies; and co-operative and social purpose businesses. The review concluded in 2021 and adjustments to director compensation were implemented effective January 1, 2022. Compensation paid to directors is as follows:

- The chairperson receives an annual retainer of \$140,000;
- All other directors receive an annual retainer of \$40,000;
- The vice-chairperson receives an additional annual retainer of \$4,500;
- The chairpersons of the Audit & Finance Committee receives an additional annual retainer of \$14,000 to recognize the additional time commitment/ responsibilities of this role;
- The chairpersons of the Risk Committee receives an additional annual retainer of \$12,000 to recognize the additional time commitment/ responsibilities of this role;
- The chairperson(s) of other standing board committees (Compliance & Ethics, Governance & Co-operative Identity, Human Resources, and Sustainability) receive an additional annual retainer of \$10,000;
- The Human Resources Committee proposes a compensation amount to the board for approval for the Chairperson of any ad hoc committee at the time the committee is struck;
- All directors receive a per diem of \$900 a day, for attendance at board meetings, board committee meetings, or other functions that exceed five hours in duration; and
- All directors receive a per diem of \$450 a half-day for attendance at engagements that exceed two hours but do not exceed five hours.
- All directors receive a per diem of \$225 for attendance at engagements that are longer than one hour but shorter than two hours in duration.