

Governance Assessments

The board conducts regular performance reviews to assess the effectiveness of the Board of Directors, individual directors, Chairperson of the Board, and board committees. The board approves the annual performance goals of the President and CEO, and also approves a set of finite priorities for the Executive Vice President, Member Relations, Governance and Corporate Services related to specific board governance, member and co-operative relations accountabilities. The board conducts an annual performance review of the President and CEO and EVP against the approved annual performance goals and priorities.

Board of Directors Evaluation

The board conducts a formal biennial review of the organization's governance performance including the board's performance as a "board" during the fourth quarter of each odd numbered calendar year. The review is facilitated by an independent third-party resource determined by the Corporate Governance and Conduct Review Committee. All directors and senior management regularly in attendance at the board of directors meeting are invited to participate in the process. The governance assessment is a key agenda item at the December board/management seminar where the participating directors and senior management engage in a review of the results and address the issues and opportunities arising from the review. A formal action plan to address the agreed-upon priorities is adopted by the board and is addressed by the Corporate Governance and Conduct Review Committee with assistance from the Corporate Secretary.

The last review conducted in 2017 focused on governance outcomes as opposed to traditional structural and process inputs. The process invited participation from the directors and senior management to identify the board's impact, value and contributions to the success of the Co-operators group of companies and to take appropriate steps to improve its effectiveness.

Committee Evaluation

The board committee evaluations are conducted in conjunction with the board of directors evaluation on a biennial basis. All directors are invited to participate in assessing the effectiveness of the board committees. The results of the committee evaluation are shared with the board. In 2017, the board committee evaluation was performed in conjunction with the board of directors evaluation and focused on governance outcomes.

As a best practice, board committees establish a Reference Guide and Annual Workplan to guide the focus of their committee work to achieve their role and responsibilities as set out in their respective Terms of Reference.

Individual Director Assessment

Individual directors participate in an Individual Director Assessment (IDA) process on a biennial basis of each even numbered calendar year that measures and assesses the contributions and effectiveness of each director with the assistance of an independent third-party resource. Each director completes a self-assessment and assesses the performance of each of his/her peers. The President and CEO and select senior management also participate in the IDA process for the purpose of providing feedback on each directors' effectiveness. A confidential summary of the results, including comparison information of high, low and median group scores and qualitative comments, is produced for each director. A copy of each director's report is shared with the Chairperson of the board to inform a one-on-one discussion about the results of the report and to develop an individual training and development plan to address identified opportunities for improvement.

Governance Assessments (continued...)

The IDA process was performed in 2018 and key themes were discussed with the board to encourage continuous board and director improvement.

Chairperson of the Board Evaluation

The biennial Chairperson evaluation is conducted in conjunction with the IDA process. The Chairperson evaluation considers the role, responsibilities, desired competencies, personal qualities and behaviours for the position. Individual directors, the President and CEO and select senior management participate in the process for the purpose of providing feedback on the Chairperson's effectiveness. A confidential summary of the results is produced for the Chairperson, who discusses his/her evaluation results with the Corporate Governance and Conduct Review Committee to consider how the feedback can inform the Chairperson's ongoing effectiveness and training and development.

The Chairperson of the board evaluation was performed in 2018 in conjunction with the IDA process.