

CORPORATE GOVERNANCE AND CONDUCT REVIEW COMMITTEE TERMS OF REFERENCE

Mandate

The Corporate Governance and Conduct Review Committee's role is to:

- develop and recommend policies and practices to maintain high standards and best practices in corporate and co-operative governance;
- serve as a centre of self-reflection to build and enhance governance effectiveness through board and director education and performance management programs;
- carry out board responsibilities with respect to the Self-Dealing provisions as set out in Part XI of the Insurance Companies Act, the other sections of the Insurance Companies Act which specifically mandate or reference the Conduct Review Committee;
- carry out board responsibilities with respect to matters involving conflicts of interests and the conduct of related parties to The Co-operators and without limiting the generality of the foregoing, responsibilities of the board concerning those matters as set out in the Appendices;
- oversee the Company's¹ Regulatory Compliance Management Program, including the Company's identification of key regulations, regulatory risk management policies, compliance assessment, monitoring and reporting; and
- provide oversight of the Company's Chief Compliance Officer, giving guidance and advice and fulfilling the oversight responsibility of the board of directors in relation to the Company's Compliance programs.

The Committee also conducts an annual review of and advises management on the board of directors' budget.

Responsibilities:

Governance

1. Proactively monitor and consider best practices and trends in corporate governance and related regulatory requirements, e.g. OSFI Corporate Governance Guideline, bringing relevant information from a variety of sources forward to the Committee's quarterly meetings.
2. Act as the contact and monitoring Committee for governance compliance and board process and structure issues, including:
 - Articles
 - Ordinary By-law No. 1
 - Board Policy Monograph
 - Share Monograph
 - Board of Directors Manual
 - Board Mandate
 - Governance Framework

1 The Committee serves as the Corporate Governance and Conduct Review Committee for The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company, CUMIS General Insurance Company, The Sovereign General Insurance Company, COSECO General Insurance Company, Co-operators Life Insurance Company and CUMIS Life Insurance Company (together "the Company").

- Board Election/Populating Committees Process
 - Board Committee Terms of Reference
 - Annual Information Form (AIF) Corporate Governance Information
3. Oversee board effectiveness programs including board, board committee, individual director and chairperson of the board performance management systems; new director orientation; board training and development.
 4. Oversee the Board Skills Matrix to define the optimal characteristics of the board (reflective of its current and future needs in consideration of the company's strategy, risk profile, regulatory requirements, board responsibilities, commitment to diversity in governance and board leadership succession) and proactively communicate the needed skills of the board and its directors to the membership for consideration in the annual director nomination/election process.
 5. Conduct an annual review of and advise management on the board of directors' budget.

Compliance

- 1) Oversee the establishment, maintenance and adherence to policies and procedures to maintain a strong ethical and compliance foundation throughout the Company, including
 - i) Approving of the codes of ethics and conduct and their respective procedures
 - ii) Initiating and supporting a compliance culture based on integrity, honesty and good faith rather than solely on compliance with laws, regulations and guidelines
- 2) Review periodic compliance reporting, which includes independent reporting by the Chief Compliance Officer (CCO) on
 - iii) The compliance program including Company's key compliance activities, their implementation and Company's adherence to Compliance frameworks
 - iv) Laws and trends within the scope of the CCO mandate and regulatory interventions
 - v) Significant and emerging risks to which the Company is exposed including new matters and update on previously reported matters
 - vi) The progress against the Compliance plan
 - vii) Resources and organization
 - viii) Focus on a particular compliance area or deep dive as appropriate and necessary
- 3) Oversee the establishment and maintenance of processes and frameworks that ensure the Company is in compliance with the laws and regulations that apply to it as well as its own policies, including
 - i) Approve key policies of the compliance management framework, including escalation criteria for material compliance risks, and any changes
 - ii) Approving at least an annual opinion on the Regulatory Compliance Management framework including an opinion on the adequacy and effectiveness of compliance processes and status of compliance
 - iii) Reviewing and monitoring the effectiveness and progress against the Regulatory Compliance Management Framework
 - iv) Reviewing reports from the CCO on the Company's adherence to legal and regulatory requirements, and the adequacy and effectiveness of the compliance controls, including

material deficiencies, instances of non-compliance and exposure to compliance risk as well as their respective recommendations and action plans

- 4) Oversee the Enterprise Compliance function, including but not limited to
 - i) Annually approving the CCO Mandate and Compliance Charter
 - ii) Annually approving the annual Enterprise Compliance plan including any material changes to that plan as appropriate
 - iii) Approving the appointment, removal and remuneration of the CCO and ensuring the CCO's compensation is not linked to the performance of specific business of the Company
 - iv) Ensuring that the CCO remains independent from operational management, is adequately resourced, and has appropriate status and visibility throughout the organization. Ensuring that the CCO has unfettered access to the CG&CRC, and that the CCO has a functional reporting line to the CG&CRC and the Board
 - v) Annually approving CCO's organizational structures, budgets and resources
 - vi) Annually assessing the effectiveness and performance of the CCO

Composition & Appointment

The Corporate Governance and Conduct Review Committee includes the Chair of the Committee along with three other members of the board (directors).

The Chair and other Committee members are elected in accordance with the board's Populating Committees process at the board re-organization meeting, held immediately following the Annual General Meeting of the company.

The Corporate Governance and Conduct Review Committee must not consist of a majority of persons affiliated with the company and must not have any officers or employees of the company or any of its subsidiaries as members of the committee. Members of the committee must meet any other qualifications for Conduct Review Committee members established by law or by any authority having regulatory power over the company.

Members of the committee must declare in a timely manner any relationship to the company that may interfere or be perceived to interfere with the exercise of their independence from the Company and its management.

The board of directors may fill a vacancy that occurs in the Committee at any time.

Authority

The Committee fulfills its responsibilities on behalf of the board and makes recommendations to the board on governance, conduct and compliance structure, process and policies.

The Committee has the authority to engage outside advisors and to call upon other resources as noted below to assist in the execution of its responsibilities.

The Committee is empowered to approve related party transactions in accordance with the provisions of the Insurance Companies Act and within board approved limits.

Organization and Procedures

Chair

The Chair of the Committee is elected by the board at the board re-organization meeting.

The Chair will hold no other office with any of The Co-operators group of companies, other than as a nominee of The Co-operators, on an entity or an organization which is neither a related party of The Co-operators nor transacts any business directly or indirectly with The Co-operators or any of its subsidiary companies.

Meetings

The Corporate Governance and Conduct Review Committee meets five times a year, or more often as may be required to discharge its responsibilities.

Meetings are held in conjunction with regularly scheduled board meetings, unless otherwise required.

Meetings are held at the call of the Chair.

Notice of each meeting must be given to every member of the Committee not less than seven days in advance of the meeting. With the unanimous consent of all members, the notice period may be shortened or waived. Attendance of a director at a meeting of the committee, unless his or her attendance is to object to the lack of appropriate notice, is deemed to be waiver of notice.

The Committee normally meets in person but, with the agreement of all members, may conduct business through electronic means. Members of the Committee may participate in meetings by conference call or other means of communication permitting all persons participating in the meeting to hear each other.

The Committee will hold regularly scheduled in-camera meetings with the Chief Compliance Officer.

The Committee will meet in-camera without any Management present at the end of each regularly scheduled meeting.

Quorum

A majority of the Committee (3 Directors) constitutes a quorum.

Resources

The AVP Governance and Corporate Secretary, the VP & Chief Compliance Officer and the Sr. VP General Counsel & Associate Secretary serve as the lead resources to the Committee. They as well as the Executive Vice-President, Member Relations, Governance and Corporate Services, receive notice of all meetings of the Committee and will attend all or some of the meetings on an as needed basis.

The Committee may invite, as it sees fit from time to time, other employees of the Company or other persons to attend its meetings and to advise it during its deliberations.

The Committee may retain such outside consultants and advisers, at Company expense, as it deems necessary to fulfill its duties.

In order to properly carry out its responsibilities with respect to its mandate, the Committee may retain the services of external professionals at the Company's expense.

To keep abreast of current and emerging issues, the Committee will engage at least once a year with an external governance and/or compliance expert.

Organization and Procedures *cont'd*

Supporting Materials and Minutes

The Company's Corporate Secretary, Associate Secretary or their designate(s) shall serve as Secretary to the Committee.

The agenda and supporting material for meetings are to be made available to the Committee on the board portal no less than seven days in advance of the meeting.

The Secretary records minutes of every meeting, circulating them to the Chair of the Committee and to members shortly after the meeting takes place. After Committee members have had an opportunity to review them and provide any corrections, the minutes are prepared for distribution to the full board at the next board of directors meeting. Considering that Committee meetings normally take place in conjunction with board meetings, where this is the case, the minutes will be distributed at the following board meeting (e.g. minutes of the February committee meeting held in conjunction with the February board meeting would be distributed to the board in the April board report).

Reporting

The Committee Chairperson is provided an opportunity to provide an update at each board of directors meeting.

The Committee will report to the full board of directors of each of the companies for which it serves as the Corporate Governance and Conduct Review Committee following each of the committee's meetings, making such recommendations to the board as it deems appropriate.

Within 90 days after the year-end of the Company the Committee will report to the Superintendent on proceedings, all transactions and other matters reviewed by the Committee during the year.

Annual Work Plan and Schedule

The Committee adopts a work plan and annual schedule of activities at its first meeting following its election each year.

Committee Effectiveness

The Committee performs a biennial review and evaluation of its performance, including a review of its compliance with these terms of reference.

The Committee will receive education and training as necessary to enable it to fulfill its mandate effectively.

The Committee reviews these terms of reference each year, ensuring continued conformance with statutes, regulations and guidelines of regulatory bodies as may be applicable to the company and with best practices of Corporate Governance and Conduct Review Committees and recommending any changes it deems necessary to the board of directors for approval.

A Corporate Governance and Compliance Reference Guide and any other orientation support are made available to new members joining the Committee following their election and prior to attending their first committee meeting.

References

- Corporate Governance and Conduct Review Committee Reference Guide
- OSFI Corporate Governance Guideline
- OSFI Guideline E-13, Regulatory Compliance Management
- The Canada Co-operatives Act and Associated Regulations
- Insurance Companies Act and associated Regulations
- AMF Compliance Guideline
- Related Party Transactions Regulations
- Ontario Securities Act

Date of last review: September 2020
Approved by the Board: October 2020

APPENDIX I: Legal Requirements

The *Insurance Companies Act* requires federally regulated insurance companies to establish a Conduct Review Committee (s165), which shall have the following duties (s204 (3)):

- (a) Establish procedures for the review of transactions with related parties of the company to which Part XI applies;
- (b) Review all proposed transactions with related parties of the company in accordance with Part XI; and
- (c) Review the practices of the company to ensure that any transactions with related parties of the company that may have a material effect on the stability or solvency of the company are identified.

(4) A company shall report to the Superintendent on the mandate and responsibilities of the conduct review committee and the procedures established by the committee under paragraph 3(a).

(5) After each meeting of the conduct review committee of a company, the committee shall report to the directors of the company on all transactions and other matters reviewed by the committee.

(6) Within ninety days after the end of each financial year, the directors of a company shall report to the Superintendent on proceedings of the conduct review committee and all transactions and other matters reviewed by the committee during the year.

The Conduct Review Committee shall consist of at least three directors (s204 (1)). A majority of members must consist of directors who are not persons affiliated with the company and none of the members of the Conduct Review Committee may be officers or employees of the company or a subsidiary of the company (s204 (2)).

The auditor is entitled to receive notice of every meeting of the Conduct Review Committee and to attend and be heard at that meeting. (s353.1).

December 2012

Reviewed and approved by the Board – October 2015

The Co-operators Group – Mandate of the Chief Compliance Officer

Chief Compliance Officer – mandate for the Federally Regulated Entities (“FRE’s”) of The Co-operators Group Limited

CCO Mandate and Enterprise Compliance Charter

1 Purpose

This document establishes the mandate for the Chief Compliance Officer (CCO) and Enterprise Compliance, including its authority, organizational set up, scope and responsibilities within The Co-operators Group Limited and all of its related, affiliated and subsidiary companies (“The Co-operators”).

2 Applicability

The CCO and Enterprise Compliance mandate of The Co-operators are defined as enterprise mandates including the entities identified as Federally Regulated Financial Institutions (FRFIs) by The Office of the Superintendent of Financial Institutions (OSFI).

3 Authority

The CCO is authorized to propose specific frameworks, policies and procedures consistent with the provisions of this mandate. The CCO and the Enterprise Compliance team are further authorized to review all areas of The Co-operators and to have full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work. The CCO and Enterprise Compliance function also have the authority to initiate and manage investigations of potential compliance issues and breaches. To ensure appropriate escalation and reporting of compliance issues, the CCO has direct and timely access to the Corporate Governance and Conduct Review Committee (CG&CRC) as well as CEO and senior management.

4 Organizational Set Up

This document grants the CCO the authority and independence from any business or control functions to fulfill its mandate. The CCO and Enterprise Compliance function are part of the Enterprise Legal function, which has its own, distinct mandate and is separately accountable for fulfilling its responsibilities. The CCO reports to the Senior Vice President, General Counsel and has for functional purposes, a direct reporting line to the CG&CRC as well as unfettered access to the Chair of the CG&CRC, as necessary. Further, the CCO has access to the CEO and senior management as required to fulfill its mandate. The CG&CRC is accountable to approve the CCO appointment, performance reviews, compensation and succession plans. Further, the committee is responsible for approving the Enterprise Compliance function’s mandate, budget and resources.

5 Scope

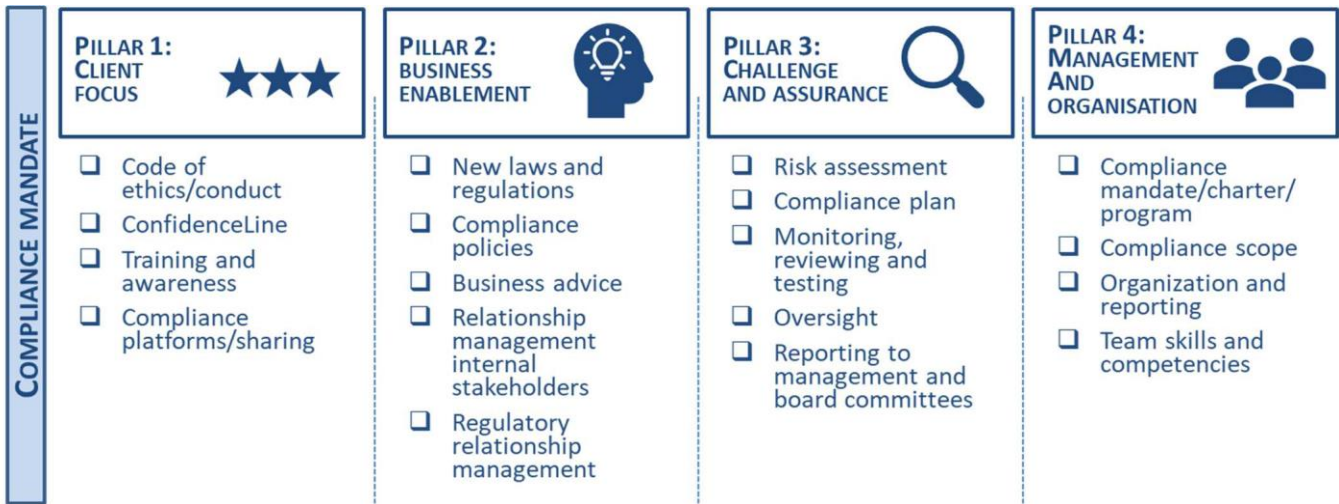
Compliance risk is defined as the risk of potential non-conformance with laws, rules, regulations and prescribed practices. The mandate of the CCO is to support management in complying with applicable legal, regulatory and internal requirements, professional and industry standards and its stated company values within the compliance mandate. The activity scope is focused on select compliance risks such as information management, financial crime, market integrity and conduct of business. Certain specific compliance responsibilities fall beyond the scope of the CCO and the Enterprise Compliance function and is exercised by different functions. The compliance with laws, regulations and standards in relation to areas such as employment, information technology, risk management, tax, finance and accounting are the primary responsibility of relevant departments. The CCO and Enterprise Compliance team provide compliance oversight for these areas via the OSFI Regulatory Compliance Management (RCM) program. Enterprise Risk Management provides the overall risk management framework for areas outside of compliance and tax owned risks.

6 Responsibilities



The mandate of the CCO consists of the following four pillars and activities:

1. **Promote a client focused ethics and compliance culture.** The role of compliance is to assist in promoting the ethics and compliance-based foundation of culture in ensuring that we do the right thing for our clients, employees, and all other stakeholders.
2. **Enable business by delivering compliance solutions.** Compliance advises and is accountable to provide expertise regarding the management and maintenance of policies, practical guidance, training, controls and processes related to compliance risks.
3. **Provide challenge and assurance.** As the 1st line of defence, management is responsible to understand and appropriately manage the risk in the organization. The role of compliance, as part of the 2nd line of defence, is to provide challenge and assurance to management and appropriate governance bodies that compliance risks are appropriately identified and managed.
4. **Ensuring an appropriate organizational and managerial set up.** Management is responsible to provide sufficient budget for CG&CRC's approval so that the CCO is appropriately resourced to exercise its duties, taking into account the compliance risks and business size. The CCO must develop a risk and resource-based plan in support of an adequate resourcing. Further, the CCO must maintain and develop staff with sufficient skills, knowledge and experience to achieve the requirements outlined in this document.



7 Self Assessment of the Effectiveness of the Function

The CCO and Enterprise Compliance team must manage a best practice and regulatory quality assurance and improvement program to cover all aspects of its function and to monitor their status. The results and action plans are to be communicated to CG&CRC and senior management as part of the regular reporting. Further, it is also the responsibility of the CCO to ensure that the effectiveness of the function is tested by internal audit on a periodic basis.

8 Approval and Date

The owner of this document is the CCO. The CCO is required to maintain and conduct a review of the mandate, at least annually. A reassessment shall also be undertaken as necessary and required. Any changes must be presented to the CG&CRC and subsequently adopted by the Board of Directors.

Last revision
 August 2019
 Date of
 approval