

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 2017 a comprehensive review of the directors' compensation was initiated with the assistance of a major consulting firm. A survey was conducted of peer organizations including smaller banks, public insurers, co-operatives, fraternal, and mutual insurance companies. The review concluded in 2018 and adjustments to director compensation were implemented:

- The chairperson receives an annual retainer of \$100,000;
- All other directors receive an annual retainer of \$32,000;
- The vice-chairperson receives an additional annual retainer of \$4,500;
- The chairpersons of the Audit Committee and Risk and Compensation Committee receive 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 (Corporate Governance and Conduct Review, Member and Co-operative Relations, and Sustainability and Citizenship) receive an additional annual retainer of \$9,000;
- The Risk and Compensation 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.