

Governance Assessments

The board conducts regular performance reviews to assess the effectiveness of the Board of Directors, individual directors, board chairpersons (chairperson, vice-chairperson and board committee chairpersons), and board committees. The board approves the annual performance goals of the president and CEO, and conducts an annual performance review of the president and CEO 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, board chairpersons and board committee performance 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 select members of senior management, chief oversight roles, and the corporate secretary 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 2019 assessment activity uncovered both areas of strength and opportunity to drive stronger governance performance. The process invited participation from the directors and senior management to identify what is working well, along with opportunities to elevate current performance, board culture and dynamics. To demonstrate its commitment to continuous improvement, the board debriefed the assessment report findings and recommendations and identified an action plan to take The Co-operators governance to the next level. Execution of the action plans and next steps will be prioritized in the board's overall annual work plan to elevate board and committee performance in 2020 and beyond.

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 and board committee chairpersons. The results of the committee evaluation are shared with the board. In 2019, the board committee and board committee chairpersons evaluations were performed in conjunction with the board of directors evaluation and focused on uncovering both areas of strength and opportunities to drive stronger governance performance.

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.



GOVERNANCE

Governance Assessments (continued...)

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.

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.