

Board Mandate Policy

Policy Number: 61

Date of Inception: January, 1998 [as Board Stewardship Policy]
November, 2006 [as Board Mandate Policy]

Date of last update: April 2013

Date of Next Review: April 2018

Background: Co-operators General Insurance Company is a 'reporting issuer' for the purposes of the Ontario Securities Commission and the Toronto Stock Exchange. In January of 1998 the Board adopted this policy as the Board Stewardship Policy to fulfil the requirements of the Toronto Stock Exchange. These requirements focussed on the effective corporate governance of listed companies. Since that time the TSX guidelines with respect to corporate governance have been replaced by section 3.4 of National Policy 58-201. This policy which sets out the mandate of the Board of Directors of The Co-operators Group Limited¹ is intended to meet the corporate governance requirements of National Policy 58-201.

Policy: The Board of Directors of The Co-operators is responsible for setting the broad direction of The Co-operators by:

- participating in developing and giving final approval to the core values and mission of the company and monitoring performance
- approving the process for selecting the President and CEO and actually appointing the President and CEO and Secretary
- representing the Company to a variety of external constituencies

The Board of Directors of The Co-operators is responsible for:

- ensuring the financial viability of the Company
- ensuring that the Company is a good corporate citizen
- ensuring that the Company maintains a leadership role within the Insurance Industry
- ensuring that the Company provides a leadership role in the co-operative movement
- monitoring the operations of The Co-operators

¹ Including the Board of Directors of Co-operators General Insurance Company.

- regularly reviewing the work of the board and its committees
- communicating with member organizations, policyholders, management, regional committees, corporate secretaries of members, other co-operatives, industry and government

The Board of Directors of The Co-operators communicates with and receives feedback from members, shareholders, policyholders, staff, management and other interested persons at or by virtue of:

- annual or special general meetings of the companies
- regional committee meetings
- Community Advisory Panel Meetings
- The annual report by the Human Resources Vice-President to the Board as well as other management reports
- Meetings of shareholders and policyholders
- The Company's Resolution Process
- Participation where appropriate in industry advisory bodies, groups or organizations
- Communications from the Office of the Superintendent of Financial Institutions for Canada and other regulatory bodies or officials
- Membership in the Co-operatives and Mutuals Canada, provincial cooperative associations, the International Co-operative and Mutual Insurance Federation and its affiliated or related organizations

The Board of Directors of Co-operators (the Company²) acknowledges responsibility for the stewardship of the Company, including:

1. responsibility for:
 - (a) to the extent feasible, satisfying itself as to the integrity of the President and the Chief Executive Officer and other Senior Managers within the group of companies and that the President and CEO and other Senior Managers create a culture of integrity throughout the organization;
 - (b) adopting a strategic plan and a planning process which involves a four year plan which is reviewed and approved at least annually, which takes into account, among other things, the risks and opportunities of the Company;
 - (c) the identification of the principal risks of the company's business, and ensuring the implementation of appropriate systems to manage these risks;

² The Company means The Co-operators Group Limited, Co-operators Financial Services Limited, Co-operators General Insurance Company and Co-operators Life Insurance Company

- (d) succession planning;
- (e) adopting a communications policy for the Company;
- (f) the company's internal control and management information systems; and,
- (g) developing the company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the company.

2. responsibility to act on behalf of the members of The Co-operators and in the interests of the users of its services, including on behalf of the shareholders and policyholders and staff of the Company and to direct the company's activities in order to help attain its corporate mission;

3. responsibility to meet the Company's legal obligations and responsibilities

The Company, its members, shareholders and policyholders expect Directors sitting on the Board of Directors of The Co-operators to:

- regularly and diligently attend Board meetings unless incapacitated or for other good reason they are not able to attend
- read and through more formal study become familiar with the company and the industry
- be aware of and familiar with their responsibilities as directors under the Insurance Companies Act (Canada) and provincial insurance companies act as well as any other relevant or applicable legislation
- serve on board committees and to represent The Co-operators in other organizations
- participate in board discussions and decision-making, keeping in mind the welfare of the respective organizations, members and shareholders, as the case may be, and those whom they serve including co-operatives, credit unions, shareholders and policyholders
- analyze operational and financial reports, seek pertinent information and ask discerning questions
- be alert to the need for new services and products and to monitor environmental change
- provide an avenue that policyholders may follow to communicate suggestions and/or concerns
- act in a manner which recognizes that a director has no power in his or her own right, other than acting as a reasonably diligent director would in discharging his or her fiduciary duty to the

company and other than as may be vested in him or her by resolution of the board

- participate in delegate orientation
- share the responsibility of the board with respect to communicating with members, shareholders and policyholders
- be accountable to delegates in the region from which the director was elected
- be accountable to all members in the region from which the director was elected
- represent The Co-operators Board in that region
- where applicable to act as a policyholder director and with a view to representing the best interests of said policyholders

Procedure:

Cross Reference: