

DGIG Governance Framework February 16, 2024

Corporate governance serves to establish the roles and responsibilities within the organization in order to ensure effective management in line with the organization's mission, vision, strategic objectives and values. It involves guiding the organization, overseeing its operations and adequately managing its risks.

Desjardins General Insurance Group Inc. and its insurance subsidiaries (DGIG) have developed an effective and efficient governance based on a strong corporate culture that takes into account the long-term interests of the organization and its clients, that helps the organization carry out its mission and that reflects its organizational values.

DGIG's Board of Directors is responsible for implementing and evaluating the organization's governance framework. The governance framework includes a number of mechanisms for which the Board assumes certain responsibilities.

Adopted by the Board of Directors, DGIG's *Governance Policy* is a key element of the governance framework, which consists of governance documents and processes, reporting mechanisms, and an independent audit, all of which take into account the legislative and regulatory requirements that govern DGIG, including the guidelines issued by the Autorité des marchés financiers (the AMF) and the Office of the Superintendent of Financial Institutions. The policy clearly defines the roles and responsibilities of various stakeholders in terms of governance.

Roles and responsibilities of the Board of Directors

The Board of Directors approves DGIG's strategic and financial plans and must ensure that the governance framework supports the achievement of the organization's strategic objectives. The Board is responsible for ensuring that DGIG operates in compliance with all legal and regulatory requirements and that independent supervisory functions are put in place, are filled and have a succession plan. The Board ensures that there is independent, effective, ongoing oversight of the company's operations, so that the effectiveness of control mechanisms and the reliability of corporate reports and financial results can be verified. The Board also adopts governance documents and positionings pertaining to human resources management on issues such as global compensation and ensures that a succession plan is in place for DGIG senior management positions.

The Board has adopted policies on risk management and approves and ensures compliance with the risk tolerance levels and limits established according to the company's risk appetite. The Board must also adopt a compliance policy which establishes a management framework that identifies, assesses, measures, controls, mitigates and tracks non-compliance risks.

The Board also ensures that effective internal control and reporting mechanisms are in place. It examines and approves the mandates of internal control teams and external auditors, as well as the scope of their activities.

The DGIG's Board of Directors is composed of the following members:

Desjardins caisse directors

- Louis Babineau, President
- Paula Bernardino
- Francine Côté
- Pierre Couillard
- Valérie Doré
- Clarence Turgeon

Outside directors

- Sonia Corriveau
- Loïc Guyot¹
- Alex Johnston, Vice president
- Bernard Morency
- Louise Poirier-Landry
- Julien Ponce

Desjardins Group employees

- Jacques Laurin, observer
- Valérie Lavoie²

Committees of the Board

The Board forms the committees needed to meet legal requirements or to support it with its responsibilities. It establishes and reviews the mandates for any such committees, appoints their members and receives regular reports from their chairs. Mechanisms are in place to ensure the independence of its members and to evaluate the Board itself and its committees, the directors, and the committee members. There are four Board committees.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for reviewing DGIG's financial results and to recommend their approval by the Board. It ensures that senior management has designed and implemented an effective internal control system with respect to financial reporting, asset protection, fraud detection and regulatory compliance. It oversees the work of the independent auditor, ensures the effectiveness of compliance management mechanisms and supports the Board on positioning, planning and overseeing risk management matters. It is also responsible for ensuring independent, unbiased supervisory functions.

This committee is composed of four directors and two observer from the Board:

¹ Representative of Groupe des Assurances du Crédit Mutuel S.A., minority shareholder and holder of preferred shares of Desjardins General Insurance Group Inc.

² Ms. Valérie Lavoie is a member of the Boards of Directors of the insurance subsidiaries of Desjardins General Insurance Group Inc., but she is not a member of the Board of Directors of Desjardins General Insurance Group Inc.

- Clarence Turgeon, chair
- Sonia Corriveau
- Francine Côté
- Loïc Guyot
- Bernard Morency, observer
- Jacques Laurin, observer

Ethics/Review Committee

The Ethics/Review Committee recommends the approval of policies related to ethics to the Board and is responsible for reviewing transactions between related parties. It recommends to the Board the approval of the *Desjardins Code of Professional Conduct* and any changes made to it. It also ensures that ethical and professional conduct rules are respected, that there are policies and practices in place to communicate these rules to employees and that DGIG follows sound commercial practices.

This committee is composed of four directors:

- Pierre Couillard, chair
- Paula Bernardino
- Valérie Doré
- Alex Johnston

Executive Committee

The Executive Committee has all the powers of the Board over DGIG's affairs, except for any that the Board has reserved for itself or that it must carry out according to applicable legislation. One of its roles is to assess the implementation of the mechanisms needed to ensure effective and efficient governance and to recommend to the Board the measures required to carry out this mandate.

This committee is composed of three directors:

- Louis Babineau, chair
- Pierre Couillard
- Alex Johnston

Investment Committee

The Investment Committee recommends investment policies for approval by the Board. It is responsible for reviewing and approving DGIG's strategic asset allocation target and ensuring that the target complies with applicable investment policies, laws, regulations and guidelines. It uses recognized and relevant indicators to review the composition, quality and performance of portfolios.

This committee is composed of four directors and one observer from the Board:

- Bernard Morency, chair
- Valérie Lavoie
- Louise Poirier-Landry
- Julien Ponce
- Clarence Turgeon, observer

Roles and responsibilities of senior management

Members of senior management carry out all functions related to the management and operation of DGIG, in line with the company's strategy, risk appetite and Board-approved policies. They plan, conduct and control all of DGIG's business activities; develop strategies, business plans, operational objectives, organizational structures, and control measures; and sees to it that the organization achieves its strategic objectives, as set out by the Board.

DGIG senior management is composed of the following members:

- Guy Cormier³
President and Chief Executive Officer of Desjardins Group and Chief Executive Officer of Desjardins General Insurance Group Inc.
- Valérie Lavoie
President and Chief Operating Officer of Desjardins General Insurance Group Inc., Chief and Executive Officer of the insurance subsidiaries of Desjardins General Insurance Group Inc.
- François Blais
Vice-president, Strategy, Growth and Performance
- Jean-François Collin
Vice-president, Member-Client Relations
- Jean-Philippe Daigle
Chief Risk Officer, Property and Casualty Insurance
- Aïsha Fournier-Diallo
Senior Director, Legal Affairs, Property and Casualty Insurance and Corporate Secretary
- Stéphanie Fournier
Vice-president, Omnichannel Member-Client Journeys
- David Gagné
Vice-president IT, Property and Casualty Insurance
- Myriam Gagné
Senior Director, Human Resources
- Kareen Gaudreault
Vice-president, Claims
- Benaaz Irani
Vice-president, Desjardins Agent Network
- Pierre-Alexandre Jalbert
Vice-president, Systems Modernization, Analytics and Transformation
- Matthieu Jasmin
Appointed Actuary
- Jocelyn Laflamme
Vice-president, Actuarial Services and Underwriting

³ M. Guy Cormier is a member of the senior management of Desjardins General Insurance Group Inc., but he is not a member of the senior management of its insurance subsidiaries

- Sylvain Messier
Chief Financial Officer and Vice-President, Finance and Corporate Actuarial Services
- Mylène Sabourin
Chief Compliance Officer
- Surender Sekhon
Vice-president, Commercial Lines Insurance
- Steeve Talbot
Internal Auditor

Efficiency, Performance and independence

The Board's performance is reviewed periodically by its members, who fill out an evaluation form. Results are analyzed and opportunities for improvement are identified. The performance of the Board's committees is also reviewed. A periodic self-assessment test has also been introduced to evaluate Board members' knowledge, primarily in response to the AMF's requirements regarding integrity and competency described in its *Governance Guideline*. The goal of the self-assessment test is to help the Board operate more efficiently and recognize the skills and expertise of its members. Results are analyzed and opportunities for improvement are identified.

Orientation and continuous training programs are in place to ensure directors and observers are aware of their duties and responsibilities to DGIG. All new Board members are required to attend an information and orientation session that includes training on DGIG's structure and governance, the property and casualty (P&C) insurance market, DGIG's strategic plan, financial concepts specific to P&C insurance, risk management and other topics. New Board members also have access to documents containing information about DGIG, its policies and the mandates of its Board and Board committees.

All Board members follow a continuous training program that is tailored to their specific needs and that reflects changes in certain areas of the company, such as risk management or ratemaking.

The *Policy on the Composition of Boards of Directors of Subsidiaries and Other Components* provides guidelines on selection criteria for Board members, making sure they are in line with Desjardins' vision and values, particularly with respect to integrity and diversity. The policy also makes sure that Board members collectively possess the expertise required for the Board's activities and the general profile expected by regulatory authorities. Senior managers are nominated per their qualifications, particularly their education, professional titles and work experience.

The Board of Directors adopted the *Desjardins Code of Professional Conduct* that applies to all employees, directors and officers of DGIG, and a *Conflict of Interest Management Directive*, which establishes a framework to prevent, identify, assess, mitigate and report any potential or existing conflict of interest. The Board also adopted Policies to ensure an initial and periodic assessment of the integrity of Board members and senior management.

Compensation

The Board has adopted a *Compensation Policy for DGIG Directors*, which outlines equity criteria for compensation and eliminates the risk of compensation becoming an influential factor in decision-making.



The Board has also adopted a policy that outlines compensation rules for individuals in senior management, supervisory function and risk management roles.

For more information on DGIG's governance and facts about the organization, please see the [Desjardins Group Annual Report](#).