NI 51-102

ANNUAL INFORMATION FORM

CO-OPERATORS GENERAL INSURANCE COMPANY

March 28, 2019

CO-OPERATORS GENERAL INSURANCE COMPANY

ANNUAL INFORMATION FORM TABLE OF CONTENTS

PRESENTATION OF INFORMATION

In this Annual Information Form (AIF), “Co-operators General”, “we”, “us”, “our” and “the Company” refers to the Co-operators General Insurance Company and its subsidiaries on a consolidated basis, except where otherwise noted. “CGIC” refers to the Co-operators General Insurance Company on a non-consolidated basis.

Unless otherwise indicated, all information in this AIF is presented as at and for the year ended December 31, 2018, and amounts are expressed in Canadian dollars. Financial information is presented in accordance with International Financial Reporting Standards (IFRS). Those sections of the 2018 Management’s Discussion & Analysis (MD&A) and the 2018 audited consolidated financial statements referred to in the table of contents are incorporated herein by reference.

Co-operators General is not required to issue a management information circular. Certain information that would normally be included in a management information circular under NI 51-102F5, NI 51-102F6, NI 52-110, and NI 58-101 is included in this document.

This AIF, the 2018 MD&A and the 2018 consolidated financial statements for Co-operators General may be found on www.sedar.com or can be obtained upon request from the secretary of CGIC, 130 Macdonell Street, Guelph, Ontario N1H 6P8.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This AIF may contain forward-looking statements and forward-looking information, including statements regarding the operations, objectives, strategies, financial situation and performance of Co-operators General. These statements, which appear in this AIF (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “would”, “should”, “could”, “trend”, “predict”, “likely”, “potential” or “continue” or the negative thereof and similar variations. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this AIF may contain forward-looking statements and information attributed to third party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this AIF speak only as of the date of this AIF.

Forward-looking statements and information in this AIF include, but are not limited to, statements with respect to: our growth expectations; the impact of changes in governmental regulation on our company; possible changes in our expense levels; changes in tax laws; and anticipated benefits of acquisitions and dispositions.

With respect to forward-looking statements and information contained in this AIF, we have made assumptions regarding, among other things: growth rates and inflation rates in the Canadian and global economies; the Canadian and U.S. housing markets; the Canadian and global capital markets; the strength of the Canadian dollar relative to the U.S. dollar; employment levels and consumer spending in the Canadian economy; and impacts of regulation and tax laws by the Canadian and provincial governments or their agencies. Some of the assumptions we have made are described in the *Outlook* section of our MD&A on page 19.

Although we believe that the expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, levels of activity, performance or achievements. Consequently, we make no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. Some of the risks and other factors, some of which are beyond our control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this AIF and the documents incorporated by reference herein include, but are not limited to: our ability to implement our strategy or operate our business as we currently expect; our ability to accurately assess the risks associated with the insurance policies that we write; unfavourable capital market developments or other factors which may affect our investments; the cyclical nature of the property and casualty insurance industry; our ability to accurately predict future claims frequency; the frequency and severity of weather related events; climate change; government regulations; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; our reliance on advisors to sell our products; our ability to successfully pursue our acquisition strategy; actions to be taken in connection with the sale of L’Union Canadienne, Compagnie d’Assurance L’Union Canadienne to Roins Financial Services Limited (RSA Canada); our participation in the Facility Association (a mandatory pooling arrangement among all industry participants); terrorist attacks and ensuing events; the occurrence of catastrophic events; our ability to maintain our financial strength ratings; our ability to alleviate risk through reinsurance; our ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); our reliance on information technology and telecommunications systems; impacts of new or changing technologies, including those impacting personal transportation; breaches or failure of information system security and privacy, including cyber terrorism; our dependence on key employees; and general economic, financial and political conditions.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this AIF are expressly qualified by this cautionary statement. We are not under any duty to update any of the forward-looking statements after the date of this AIF to conform such statements to actual results or to changes in our expectations except as otherwise required by applicable legislation.

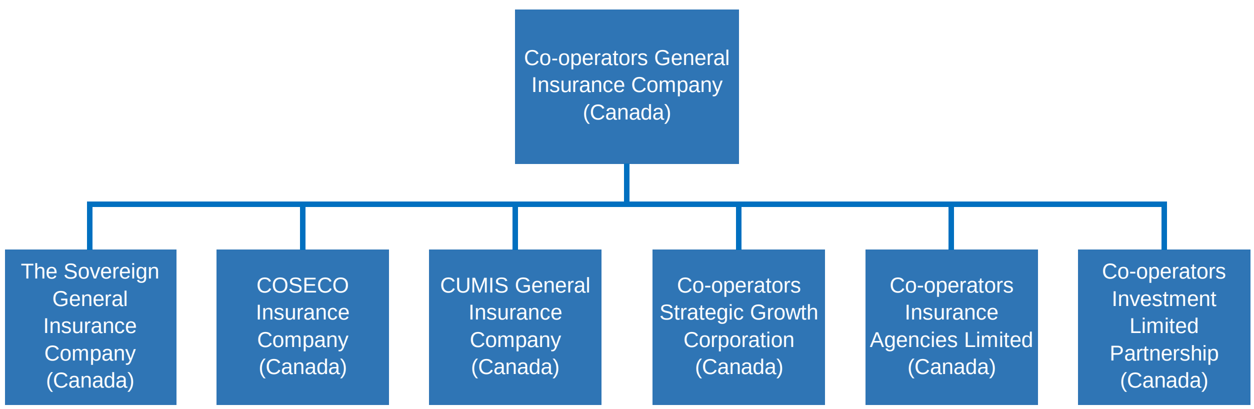
CORPORATE STRUCTURE

Co-operators General was continued under the Insurance Companies Act (Canada) in 1992. The Company is licensed to write most major classes of property and casualty (P&C) insurance, in all provinces and territories in Canada.

Co-operators Financial Services Limited (CFSL) owns all of the voting shares of CGIC. CFSL is wholly-owned by The Co-operators Group Limited. “CGL”, “The Co-operators” and “The Co-operators Group” refers to The Co-operators Group Limited. Further details regarding the number of voting shares and rights can be found in our 2018 audited consolidated financial statements in Note 16 on pages 41 to 43.

CGIC was formed as a result of the amalgamation on February 17, 1983 of two predecessor general insurance companies, Co-operative Fire and Casualty Company and Co-operators Insurance Association. Co-operators General or its predecessors have been carrying on business since 1946. The principal and registered office of CGIC is 130 Macdonell Street, Guelph, Ontario N1H 6P8.

INTERCORPORATE RELATIONSHIPS



Co-operators General holds 100% of the voting rights attached to all the outstanding voting shares or partnership interests of each of its subsidiaries. On April 1, 2018, CGIC entered into an agreement with a company under common control, to acquire 100% of the common shares of CUMIS General Insurance Company (CUMIS General). CUMIS General is a P&C insurance company that primarily serves credit unions and their members by providing home, automobile, travel, commercial and other customized insurance products. The acquisition allows The Co-operators Group to align its P&C insurance operations under a common entity, Co-operators General.

DESCRIPTION OF OUR BUSINESS

GENERAL

Co-operators General is a leading Canadian private sector P&C insurer and one of the largest private sector P&C insurers in Canada based on direct written premiums. Co-operators General carries on business through CGIC and its subsidiaries, The Sovereign General Insurance Company (Sovereign), COSECO Insurance Company (COSECO) and CUMIS General Insurance Company.

Our principal business is to provide home, automobile, farm and commercial insurance products to individuals and commercial clients. Personal lines, consisting of home and automobile policies, represented 72% (2017 - 75%, 2016 - 75%) of direct written premiums in 2018. Automobile policies represented 63% (2017 - 62%, 2016 - 63%) of Co-operators General’s personal lines direct written premiums in 2018. We achieve diversification of insurance risks by insuring a large number of relatively small risks spread across all regions of Canada and in various lines of business.

Our products are distributed through our 2,820 (2017 - 2,280, 2016 - 2,753) licensed insurance representatives throughout Canada. Approximately 48% (2017 - 48%, 2016 - 48%) of our business is written in the province of Ontario. We also distribute automobile and home insurance through employee and association groups and personal and commercial insurance through independent brokers.

Co-operators General insures approximately 875,000 (2017 - 804,000, 2016 - 766,000) homes, more than 1.4 million (2017 - 1.3 million, 2016 - 1.2 million) vehicles, 40,000 (2017 - 39,000, 2016 - 38,000) farms and 306,000 (2017 - 197,000, 2016 - 218,000) businesses across all regions of Canada. At December 31, 2018, Co-operators General had 3,027 (2017 – 2,695, 2016 - 2,697) employees.

CGIC also distributes life and wealth management products for Co-operators Life Insurance Company (CLIC) and CUMIS Life Insurance Company (CUMIS Life). CLIC is an affiliate of Co-operators General and a subsidiary of CFSL. CUMIS Life is wholly owned by CUMIS Services Incorporated, which is a wholly owned subsidiary of CLIC. Other significant associated companies include Addenda Capital Inc., Federated Agencies Limited, H.B. Group Insurance Management Ltd., Premier Manager Holdings Corporation, and The Edge Benefits Limited.

For additional information regarding our business and strategies including, but not limited to, the general development of the business, discussion of competitive conditions, business cycles, risk factors, additional business descriptions and our financial results, see our 2018 MD&A and 2018 audited consolidated financial statements.

GOVERNMENT REGULATION

Each of CGIC, Sovereign, COSECO and CUMIS General is a federal P&C insurance company continued under the Insurance Companies Act (Canada) and licensed to carry on P&C insurance business in all of the provinces and territories of Canada.

CGIC, Sovereign, COSECO and CUMIS General are subject to regulation and supervision in the jurisdictions in which they carry on business. Insurance regulators oversee matters relating to, among other things, licensing and examination, insurer solvency, capital adequacy, corporate governance practices, outsourcing arrangements, adequacy of the provision for unpaid claims, rate setting in respect of automobile insurance in certain provinces, claims and trade practices, policy forms, limitations on the nature and amount of certain investments, mandated participation in shared insurance markets, financial reporting, transactions with related parties and the amount of dividends that may be paid.

Insurance legislation specifies the minimum capital levels that may be held by P&C insurance companies. The level of required capital is determined in accordance with regulations that assign risk weightings to various types of assets and liabilities and to other factors. On an annual basis, insurance companies are required to file their financial statements with the insurance regulators as well as any other information which regulators may, from time to time, request. The regulators examine insurance companies to ensure their compliance with applicable legislation and to confirm their financial condition.

INDUSTRY RANKING

Co-operators General’s provincial and territorial ranking based on the most recent available statistics (2017 direct written premiums as reported in *2018 Canadian Underwriter Statistical Issue*) was as follows:

	Ranking
Alberta	5th
British Columbia	7th
Manitoba	6th
Nova Scotia	5th
New Brunswick	7th
Newfoundland and Labrador	4th

	Ranking
Ontario	5th
Prince Edward Island	1st
Quebec[1]	13th
Saskatchewan	3rd
Territories	5th

[1] The *2018 Canadian Underwriter Statistical Issue* provides top ten rankings only. As a result, Co-operators General's ranking in Quebec was determined using data from MSA Research Inc.

Rankings for 2018 are unavailable at this time. However, we do not foresee major changes in our market position, aside from slight improvements resulting from the acquisition of CUMIS General.

DIVIDENDS

The following table provides the dividends declared by class of shares:

$ thousands	**2018**	2017	2016
Preference shares			
Class A, Series A	**232**	311	328
Class A, Series B	**3,664**	3,388	3,066
Class B	**1**	1	1
Class D, Series A	**69**	69	69
Class D, Series B	**213**	213	213
Class D, Series C	**216**	216	216
Class E, Series C	**5,000**	5,000	5,000
Class F, Series A	**916**	916	916
Class G, Series A	**37**	37	37
Common shares	**-**	160,000	-
Total	**10,348**	170,151	9,846

The Company and its affiliates manage capital at a consolidated level to optimize return on capital. Capital management includes declaring dividends to the parent company. All dividends must be approved in advance by the Board of Directors and 15 days prior notice must be given to the Office of the Superintendent of Financial Institutions before payment. Further information regarding dividend terms can be found in our 2018 consolidated financial statements in Note 16 on pages 41 to 43.

As at December 31, 2018, our publicly issued preferred shares consist of Class E preference shares, Series C which are listed on the TSX and trade under the symbol CCS.PR.C.

For the Class E shares only, 7 trading days prior notice must be given to the TSX before the Record Date.

DESCRIPTION OF CAPITAL STRUCTURE

Description of terms and designations of each class of authorized security and material characteristics are provided in our 2018 consolidated financial statements in Note 16 on pages 41 to 43.

RATINGS

Rating agencies issue several types of ratings. A Financial Strength Rating (FSR) provides guidance to policyholders of an insurance company's ability to meet its obligations to policyholders. An Issuer Credit Rating (ICR) provides guidance to investors of a company's ability to meet its senior obligations. A Preferred Share Rating (PSR) provides guidance to investors on the credit worthiness of the preferred shares issued by a company.

Our ratings from approved rating organizations are described below. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

A.M. Best

Company	Rating Type	Current Rating	Outlook	Date of Most Recent Report
Co-operators General	FSR	A-	Stable	September 28, 2018
Co-operators General	ICR	a-	Stable	September 28, 2018
Sovereign	FSR	A-	Stable	September 28, 2018
Sovereign	ICR	a-	Stable	September 28, 2018

The FSR rating of A- is in the second highest of seven categories of A.M. Best's FSR scale and represents A.M. Best's opinion that a company has an excellent ability to meet its ongoing insurance obligations.

The ICR rating of a- is in the third highest of nine categories of A.M. Best's ICR scale and represents A.M. Best's opinion that a company has an excellent ability to meet its ongoing senior financial obligations.

Dominion Bond Rating Service (DBRS)

Company	Rating Type	Current Rating	Outlook	Date of Most Recent Report
Co-operators General	FSR	A (low)	Stable	December 5, 2018
Co-operators General	ICR	A (low)	Stable	December 5, 2018
Co-operators General	PSR	Pfd-2 (low)	Stable	December 5, 2018

The FSR rating of A (low) is in the third highest of ten categories in DBRS's FSR scale and represents DBRS's opinion that a company has good financial strength, has substantial capacity for the payment of policyholder obligations and any qualifying negative factors are considered manageable. Under DBRS's rating methodology, the FSR is also the ICR.

The PSR rating of Pfd-2 (low) is in the second highest of six categories in DBRS's PSR scale and represents DBRS's opinion that a company's protection of dividends and principal is substantial, but earnings, the balance sheet and coverage ratios are not as strong as higher rated insurers.

Standard & Poor's (S&P)

Company	Rating Type	Current Rating	Outlook	Date of Most Recent Report
Co-operators General	FSR	A-	Stable	October 11, 2018
Co-operators General	ICR	A-	Stable	October 11, 2018
Co-operators General	PSR	P-2	n/a	October 11, 2018

[1] On October 11, 2018, S&P published a press release revising the Outlook from Positive to Stable.

The FSR rating of A- is in the third highest of ten categories in S&P's FSR scale and represents S&P's opinion that a company has strong financial security characteristics but is more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated insurers.

The ICR rating of A- is in the third highest of ten categories in S&P's ICR scale and represents S&P's opinion that a company has strong capacity to meet its financial commitments; however, adverse economic conditions or changing circumstances are somewhat more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation compared to obligor's in higher categories.

The PSR rating of P-2 corresponds to a BBB rating on S&P's global scale and is in the fourth highest of eight categories in S&P's PSR scale and represents S&P's opinion that a company has adequate capacity to meet its financial commitments; however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

MARKET FOR SECURITIES

2018 Trading Price and Volume Chart

	Class E, Series C TSX symbol: CCS.PR.C		
Month	Low $	High $	Shares #
January	23.76	24.63	23,695
February	23.04	24.18	26,007
March	22.80	23.91	34,893
April	23.00	23.52	15,276
May	23.06	23.66	21,322
June	22.67	23.40	36,230
July	23.06	23.62	24,006
August	23.00	23.66	31,787
September	23.07	23.50	34,198
October	21.97	23.51	59,126
November	21.42	22.91	51,650
December	21.11	23.53	78,150

SALES OF UNLISTED SECURITIES

Information on the issuance and redemption of unlisted securities during the year is provided in our 2018 consolidated financial statements in Note 16 on pages 41 to 43.

EXECUTIVE OFFICERS

The following are the Executive Officers of Co-operators General for the year ended December 31, 2018.

Executive officer name and municipality of residence	Position
ROBERT WESSELING Guelph, Ontario	President and Chief Executive Officer
KEVIN DANIEL[1] Mississauga, Ontario	Executive Vice-President and Chief Client Officer
LISA GUGLIETTI Guelph, Ontario	Executive Vice-President, Chief Operating Officer, P&C Manufacturing
PAUL HANNA Guelph, Ontario	Executive Vice-President, Member Relations, Governance and Corporate Services
KAREN HIGGINS[2] Guelph, Ontario	Executive Vice-President, Finance and Chief Financial Officer
KATHLEEN HOWIE Oakville, Ontario	Senior Vice-President, General Counsel and Associate Secretary
RICK MCCOMBIE[3] Guelph, Ontario	Executive Vice-President and Chief Client Officer
STEVEN PHILLIPS Oakville, Ontario	Executive Vice-President, Chief Operating Officer, Sovereign
CAROL POULSEN Burlington, Ontario	Executive Vice-President and Chief Information Officer
BRUCE WEST[4] Waterloo, Ontario	Executive Vice-President, Finance and Chief Financial Officer

[1] Kevin Daniel was appointed Executive Vice-President and Chief Client Officer on December 21, 2018.

[2] Karen Higgins was appointed Executive Vice-President, Finance and Chief Financial Officer on June 1, 2018.

[3] Rick McCombie retired from his position as Executive Vice-President and Chief Client Officer on December 21, 2018.

[4] Bruce West retired from his position as Executive Vice-President, Finance and Chief Financial Officer on June 1, 2018.

Each of the executive officers of Co-operators General has been engaged in his or her principal occupation or has held an occupation with the same employer for more than five years, with the exception of:

- Kathleen Howie, who prior to October 30, 2017 was Senior Vice-President and General Counsel, Zurich Insurance Company Ltd. (2013 - 2017)
- Steven Phillips, who prior to January 9, 2017 was Strategy Consultant, S.K. Phillips Strategic Consulting (2016, 2013), Senior Vice President, Contact Centres, Retail Distribution, Canadian Imperial Bank of Commerce (2014 - 2015), and Head of Global Strategy, Acquisitions & Strategic Alliances, Assurant Solutions (2008 - 2012)

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the normal course of carrying on our business, we become the subject of claims and are involved in various legal proceedings. We are not currently involved in any material legal proceedings, nor are we aware of any pending or threatened proceedings, that we believe would have a material adverse effect upon our financial condition or results of operations.

There were no actions taken against the Company by regulators during the year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material transactions with directors or executive officers or a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of Co-operators General's outstanding voting securities other than transactions with CGL and subsidiaries of CGL as described below under *Material Contracts*.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for our Class E preference shares, Series C is Computershare Trust Company, at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Except as described below, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into in the most recently completed financial year, or before the most recently completed financial year but that are still in effect.

The Company entered into an Inter-company Services Agreement dated January 1, 2016, amended for minor updates thereafter, whereby it receives management and executive services from its ultimate parent company CGL. CGL and CFSL incur among other things, the direct costs for the Board of Directors, governance, senior executives, legal, compliance, enterprise risk management, member relations and co-operative business development, sustainability and citizenship, audit, tax, finance, strategic planning, financial accounting services, corporate actuarial, corporate reinsurance, communications, marketing, human resources, information technology, enterprise procurement and other corporate services. The management fee charges are structured on a cost-recovery basis and allocated among the subsidiaries of CGL through various allocation methods that take into consideration factors such as consumption, cost drivers and time spent. This is an annually renewable contract. In addition to those services described above, in the normal course of business, we obtain other services from related companies that are under the common ownership of our ultimate parent, CGL. Details of these management fees can be found in the *Related Party Transactions* section of our 2018 MD&A, on page 17.

On June 5, 2012 the Company entered into a Share Purchase Agreement ("SPA") with RSA Canada whereby the Company sold all of its shares in L'Union Canadienne to RSA Canada. The SPA was amended three times by the (i) Consent, Amendment and Agreement made as of August 20, 2012, (ii) Amending Agreement made as of August 30, 2012, and (iii) Amendment Agreement made as of September 30, 2012. The transaction contemplated by the SPA closed on October 1, 2012. As part of this transaction, the Company, as reinsurer, and L'Union Canadienne, as cedant, entered into a quota share reinsurance agreement whereby CGIC assumed, subject to the terms and conditions of this reinsurance agreement, 100% of any and all liability that may accrue to L'Union Canadienne as a result of (i) certain claims relating to the aggregate or other materials coming from either the Carrière B&B Inc. quarry or the Carrière Maskimo Inc. quarry located in Trois-Rivières, and (ii) the class action claim related to the January 1998 ice storm in Quebec.

Copies of these agreements are available on SEDAR.

INTEREST OF EXPERTS

Co-operators General's auditor is PricewaterhouseCoopers LLP, Chartered Accountants, who prepared an independent auditor's report dated February 14, 2019 in respect of Co-operators General's consolidated financial statements which comprise the consolidated balance sheets as at December 31, 2018 and December 31, 2017 and the consolidated statements of changes in shareholders' equity, income, comprehensive income and cash flows for the years then ended, and the related notes. PricewaterhouseCoopers LLP has advised that they are independent with respect to Co-operators General within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Co-operators General's appointed actuary on February 14, 2019 was Apundeep Lamba, Fellow, Canadian Institute of Actuaries, who has prepared an appointed actuary's report dated February 14, 2019, included in the audited consolidated financial statements of Co-operators General for the year ended December 31, 2018. The appointed actuary's report is in respect of Co-operators General's policy liabilities for its balance sheet as at December 31, 2018 and their change in statement of income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods. Apundeep Lamba's interest in CGIC's securities of any class represents less than one per cent of the outstanding securities of the same class.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness of independent directors to Co-operators General under any program except routine indebtedness. Certain executives are indebted to CGIC as at February 28, 2019. The indebtedness relates to participation in the programs listed below.

SHARE PURCHASES

A share purchase plan is available to provide interest free loans to eligible employees and executives on their 1st, 5th, and 10th year anniversary and every five year anniversary thereafter with the Company to purchase Class A Preference Shares, Series B. The loans are repayable from the proceeds of the dividends payable on the shares and from payroll deductions and are typically repaid over a period of eight to ten years. The purchased shares are held by Co-operators General as security on the loan until the loan has been fully repaid. The amount of the loan made available to each employee is based on salary and years of service.

OTHER

There are two components to the home relocation plan provided to employees. It is comprised of the housing differential loan and the home equity advance loan.

Housing Differential Loan

This loan is available to assist employees who are moving to a community with increased housing costs. An interest free loan of up to $25,000, for a maximum term of five years, may be used to help bridge the excess costs. The loan, which is provided by a third party, is guaranteed by the ultimate parent, CGL. On default of the loan, CGL would settle with the company for which the employee worked. Any such loans are to be approved by the business unit executive vice-president and reported to the Chief Human Resources Officer. Loans in excess of $25,000 are exceptions approved by the President and Chief Executive Officer due to the higher cost of housing in certain locations. The outstanding amounts are listed in the table below.

Home Equity Advance Loan

An equity advance is available only to executive officers, district managers and directors who participate in the guaranteed home sale plan. Any such loans are to be approved by the Chief Human Resources Officer. A cash advance of up to ninety-five percent of the equity in the old location property for purposes of a new home purchase is available. The equity is based on the higher of the sale price to an outside buyer or guaranteed plan price, less any remaining mortgage principal, liens or advances. The advance is interest free for up to ninety days for the deposit, down payment, land purchase and/or construction of a new home. All advances are re-paid upon the sale of the property.

SUMMARY OF INDEBTEDNESS

The following table summarizes the aggregate indebtedness to Co-operators General and its subsidiaries of current executive officers and employees of Co-operators General, its affiliates or its subsidiaries. This indebtedness consists of a preferred share purchase plan, a housing differential loan and/or a home equity advance loan. If employment ends and there are amounts outstanding, the full amounts are to be repaid in full by the individual.

Purpose	Aggregate Indebtedness at Feburary 28, 2019	
	To the company or its subsidiaries	To another entity
	$	$
Share purchases	15,526,695	Nil
Other	Nil	432,500

Loans to executive officers of greater than $50,000 during 2018 are listed in the table below. No amounts were forgiven in 2018.

Name and principal position	Involvement of the company or subsidiary	Largest amount outstanding during 2018	Amount outstanding as at February 28, 2019	Financially assisted securities purchased during 2018	Security for indebtedness
		$	$	#	
Share purchases:					
Robert Wesseling, President and Chief Executive Officer	Company	73,843	58,744	1,192	Shares
Kevin Daniel, Executive Vice-President and Chief Client Officer[1]	Company	64,946	40,750	1,157	Shares
Rick McCombie, Executive Vice-President and Chief Client Officer[2]	Company	78,272	60,610	1,465	Shares
Bruce West, Executive Vice-President, Finance and Chief Financial Officer[3]	Company	50,930	-	682	Shares

[1] Kevin Daniel was appointed Executive Vice-President and Chief Client Officer on December 21, 2018.

[2] Rick McCombie retired from his position as Executive Vice-President and Chief Client Officer on December 21, 2018.

[3] Bruce West retired from his position as Executive Vice-President, Finance and Chief Financial Officer on June 1, 2018.

EXTERNAL AUDITOR

PricewaterhouseCoopers LLP is the independent auditor of Co-operators General.

CORPORATE GOVERNANCE

OVERVIEW

CGL, the ultimate parent company of Co-operators General, is a Canadian co-operative with 45 member organizations. Co-operators General is governed by the Insurance Companies Act (Canada) which defines requirements of our governance including measures on related party conduct, compliance and independence. National Instrument 52-110 provides additional specific guidance for independence requirements for Audit Committees. Co-operators General complies in all significant respects with the applicable rules and legislation.

BOARD OF DIRECTORS

The Board of Directors (board) is composed of 23 directors, all but one of whom are independent of Co-operators General. The one non-independent director, the President and Chief Executive Officer, is required by the Insurance Companies Act (Canada) to be on the board.

The 22 independent directors are also the directors of the board of Co-operators General's ultimate parent company, CGL.

As a matter of policy, the board holds in-camera sessions without management in attendance in conjunction with every board meeting. There were 6 such sessions without management in attendance in 2018. The board also has in place a policy that allows individual directors and board committees to independently engage external advisors.

The Chairperson and Vice-Chairperson of CGL's board are elected from its directors and are independent. Directors are elected for a three-year term on the CGL board, however, they are elected to the Co-operators General board for a one-year term. John Harvie was elected as the Chairperson of the CGL board and is also the Chairperson of Co-operators General. Mr. Harvie regularly attends board committee meetings to keep current on all Co-operators General issues. Réjean Laflamme was elected as the Vice-Chairperson of the CGL board and is also the Vice-Chairperson of Co-operators General.

At CGL's Annual General Meeting (AGM) held in April of each year, there may be some change in CGL's directors and therefore in Co-operators General's directors. Board committee membership is established after each AGM and committees remain in place until the following AGM.

The committees in place as of December 31, 2018 are: Audit, Corporate Governance and Conduct Review, Risk and Compensation, and Sustainability and Citizenship. In addition, the CGL board has a Member and Co-operative Relations Committee which is not reflected in the Co-operators General table below.

The following are the directors of Co-operators General as at December 31, 2018:

Director name and municipality of residence	Director since	Expiry of term	Principal occupation
PHIL BAUDIN[S*] Vancouver, British Columbia	April 2013	April 2019	Retired
DENIS BOURDEAU Embrun, Ontario	April 2009	April 2019	Farmer
LOUIS-H. CAMPAGNA[S] Québec, Québec	April 2015	April 2019	Retired
GILLES COLBERT[A] Unity, Saskatchewan	April 2015	April 2019	Retired
HAZEL CORCORAN Calgary, Alberta	April 2016	April 2019	Executive Director, Canadian Worker Co-operative Federation
JOHN HARVIE[R] Chairperson, Board of Directors Moncton, New Brunswick	April 2011	April 2019	Retired
RICK HOEVENAARS[R] London, Ontario	December 2017	April 2019	Executive Vice President Finance and Chief Financial Officer, Libro Credit Union
CHRIS JOHNSON[S] Chesterville, Ontario	April 2018	April 2019	Farmer
GERI KAMENZ[A] Spencerville, Ontario	April 2014	April 2019	Farmer
BILL KISS[R] Burnaby, British Columbia	April 2018	April 2019	Co-Chief Executive Officer, G&F Financial Group
RÉJEAN LAFLAMME[CG*] Vice-Chairperson, Board of Directors Gatineau, Québec	April 2010	April 2019	Consultant, Tango RJ Consultant Inc.
DENIS LAVERDIÈRE[A] Paquetville, New Brunswick	November 2008	April 2019	Retired
JIM LAVERICK[A*] Spruce Grove, Alberta	April 2011	April 2019	Retired
MARILYN LOEWEN MAURITZ[CG] Vancouver, British Columbia	April 2017	April 2019	Chief Transformation and Legal Officer, Central 1 Credit Union
MICHAEL MAC ISAAC[R] Inverness, Nova Scotia	April 2014	April 2019	Retired
ROB PATERSON[CG] Toronto, Ontario	April 2018	April 2019	President and Chief Executive Officer, Alterna Savings and Credit Union and Alterna Bank
BOB PETRYK[A] Calgary, Alberta	April 2016	April 2019	Managing Director, Petwin Capital Group
REBA PLUMMER[S] Toronto, Ontario	April 2014	April 2019	Entrepreneur and Co-Executive Director, Urbane Cyclist Worker Co-op
COLLETTE ROBERTSON[CG] Regina, Saskatchewan	April 2014	April 2019	Retired
JOCELYN VANKOUGHNET[S] Carman, Manitoba	April 2014	April 2019	Farmer
ROBERT WESSELING Guelph, Ontario	December 2016	April 2019	President and Chief Executive Officer, CGL

Director name and municipality of residence	Director since	Expiry of term	Principal occupation
JACK WILKINSON Belle Vallee, Ontario	April 2007	April 2019	Farmer
ALEXANDRA WILSON(R*) Ottawa, Ontario	April 2000	April 2019	Chief Executive Officer, The Agency for Co-operative Housing

(A) Audit Committee
(CG) Corporate Governance and Conduct Review Committee
(R) Risk and Compensation Committee
(S) Sustainability and Citizenship Committee
* Denotes committee chairperson

Each of the directors of Co-operators General has been engaged in his or her principal occupation or has held an occupation with the same employer for more than five years, with the exception of:

- Denis Laverdière, who prior to May 2017, was Executive Vice-President, Distribution, la Fédération des caisses populaires acadiennes
- Marilyn Loewen Mauritz, who prior to March 2015, was General Counsel and Corporate Secretary for Interfor Corporation (2007 - 2015) and Secretary and General Counsel for International Forest Product Ltd (2007 - 2014)

ATTENDANCE RECORD OF DIRECTORS

The following is a summary of the attendance record of Co-operators General's directors at board meetings in 2018. In instances when a director's responsibilities changed during the year, their attendance is expressed over the number of meetings he/she was eligible to attend. The Member and Co-operative Relations Committee attendance is not included in the table below as it is a CGL board specific committee only.

Name	Board	Audit Committee	Corporate Governance and Conduct Review Committee	Risk and Compensation Committee	Sustainability and Citizenship Committee
	6 meetings	5 meetings	7 meetings	5 meetings	6 meetings
Don Altman[1]	2/2				1/1
Phil Baudin	6				6
Denis Bourdeau	6				
Daniel Burns[1]	2/2	2/2			
Louis-H. Campagna	6				6
Gilles Colbert	6	4/5			
Hazel Corcoran	6				
Roger Harrop[1]	2/2			0/1	
John Harvie[2]	6	3	6	5	
Rick Hoevenaars	5/6			4/4	
Chris Johnson[3]	4/4				5/5
Geri Kamenz	6	5		1/1	
Bill Kiss[3]	4/4			4/4	
Réjean Laflamme	6		7		
Denis Laverdière	6	5			
Jim Laverick	6	5			
Marilyn Loewen Mauritz	6		6/7		
Michael Mac Isaac	5/6			4/4	

Name	Board	Audit Committee	Corporate Governance and Conduct Review Committee	Risk and Compensation Committee	Sustainability and Citizenship Committee
	6 meetings	5 meetings	7 meetings	5 meetings	6 meetings
Rob Paterson[3]	2/4		4/5		
Bob Petryk	5/6	2/3		1/1	
Reba Plummer[3]	4/4				5/5
Collette Robertson	6		6/7		
Dave Sitaram[1]	2/2		2/2		
Jocelyn VanKoughnet	6				1/1
Robert Wesseling[4]	6	2	1	5	1
Jack Wilkinson	6				
Alexandra Wilson	6			5	

[1] Served as Director until April 2018.

[2] John Harvie is the chairperson of Co-operators General and a member of the Risk and Compensation Committee. Mr. Harvie regularly attends other committee meetings to keep current on all Co-operators General issues.

[3] Elected director in April 2018.

[4] Robert Wesseling is the President and CEO of Co-operators General. Mr. Wesseling attended two Audit Committee meetings, one Corporate Governance and Conduct Review Committee meeting, five Risk and Compensation Committee meetings, and one Sustainability and Citizenship Committee meeting, but is not a member of any committees. He regularly attends committee meetings to keep current on all Co-operators General issues.

No directors are directors of other reporting issuers in Canada or elsewhere.

MANDATE OF THE BOARD OF DIRECTORS

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

- Participating in developing and giving final approval to the core values and mission of Co-operators General and monitoring performance;
- Approving the process for selecting the President and CEO and appointing the President and CEO and Secretary; and
- Representing Co-operators General to a variety of external constituencies.

The Board of Directors is responsible for:

- Ensuring the financial viability of Co-operators General;
- Ensuring that Co-operators General is a good corporate citizen;
- Ensuring that Co-operators General maintains a leadership role within the insurance industry;
- Ensuring that Co-operators General provides a leadership role in the co-operative movement;
- Monitoring the operations of Co-operators General;
- Regularly reviewing the work of the board and its committees; and
- Communicating with CGL member organizations, policyholders, management, regional committees, corporate secretaries of members, other co-operatives and industry and government.

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

- Annual or special general meetings of the companies;
- Regional and Annual General Meetings of the members of The Co-operators Group Limited;
- Community Advisory Panel meetings;
- Annual reports by the Chief Human Resources Officer to the board as well as other management reports;
- Co-operators General's resolution process;
- Participation 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; and
- Membership in Co-operatives and Mutuals Canada, provincial co-operative associations, the Canadian Association of Mutual Insurance Companies, and the International Co-operative and Mutual Insurance Federation and its affiliated or related organizations.

The Board of Directors acknowledges responsibility for the stewardship of Co-operators General, including:

1. Responsibility for:
    - To the extent feasible, satisfying itself as to the integrity of the President and CEO 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;
    - 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 Co-operators General;
    - The identification of the principal risks of Co-operators General's business, and ensuring the implementation of appropriate systems to manage these risks;
    - Succession planning;
    - Adopting a communications policy for Co-operators General;
    - Co-operators General's internal control and management information systems; and
    - Developing Co-operators General's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Co-operators General.
2. Responsibility to act on behalf of the shareholders of Co-operators General and in the interests of the users of its services, including on behalf of the shareholders and policyholders and staff of Co-operators General and to direct Co-operators General's activities in order to help attain its corporate mission.
3. Responsibility to meet Co-operators General's legal obligations and responsibilities.

Co-operators General, its shareholders and policyholders expect directors sitting on the Board of Directors 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 Co-operators General and the industry;
- Be aware of and familiar with their responsibilities as directors under the Insurance Companies Act (Canada) and provincial insurance companies acts as well as any other relevant or applicable legislation;
- Serve on board committees and to represent Co-operators General in other organizations;
- Participate in board discussions and decision-making, keeping in mind the welfare of the respective organizations, CGL 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 Co-operators General 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 CGL members, shareholders and policyholders;
- Be accountable to CGL delegates and members in the region from which the director was elected;
- Represent the Co-operators General board in that region; and
- Where applicable, to act as a policyholder director and with a view to representing the best interests of said policyholders.

BOARD CONTROL OF SIGNIFICANT DECISIONS

The board oversees the activity of management and in some cases, particularly where mandated by the Insurance Companies Act (Canada), exercises management functions for Co-operators General. Any matter required by law to be reviewed by the board and major decisions, such as significant investment transactions, including the Investment Policy of Co-operators General and potential acquisitions, joint ventures, financings, divestitures, or other significant business arrangements, must be submitted to the board for prior approval. The board has a manual that sets out the respective roles of the various committees of the board as well as the obligations of directors. The board also maintains a set of board policies setting out board oversight or governance of management and the board's operating practices. In 2018, the board adopted a Governance Framework that provides an overview of the corporate and co-operative governance structure, principles, policies and practices that enable the organization to meet the expectations of its various stakeholders.

The board reviews the financial statements, participates actively in developing the strategic business plans for Co-operators General each year and monitors Co-operators General's progress in achieving its financial and business plans throughout the year. It also develops the long-term (four-year) plan in concert with senior management, providing ultimate approval of the long-term plan, and monitors and evaluates each four-year plan as it unfolds. In 2018, the board and senior management dedicated significant time to the development of the next long-term strategic plan for 2019 – 2022. The strategic planning process began with a review of the mission, vision and values to set the long-term direction of the organization. Throughout the year the board dedicated time to reflect on learnings from the current strategy; ensure a common understanding of the operating environment; discuss, debate and provide input on the long-term direction of the organization; determine the strategic areas of focus and supporting success criteria; which culminated in the ultimate approval of the plan.

POSITION DESCRIPTIONS

Co-operators General has written position descriptions for the Chairperson and the Vice-Chairperson of the board and for the chairperson of the Audit Committee, which are set out in the Board Manual. These positions are elected by the board.

The chairperson(s) of the Corporate Governance and Conduct Review, Risk and Compensation, and Sustainability and Citizenship committees are also elected directly by the board and can hold no other position on board standing committees. There are no written position descriptions for these chairpersons, but the Terms of Reference of each committee set out the expectations of the members of these committees, including the chairperson.

The board has a written position description for the President and CEO and a Success Profile that identifies the required strategic imperatives, success criteria and attributes of the President and CEO with respect to the operating landscape. It has also adopted a board policy (the Delegation of Power to Manage to the President and CEO Policy) which sets out the authority to manage delegated to the President and CEO by the board. The board conducts a formal annual review of the performance of the President and CEO. The results of this review are discussed in an annual in-camera meeting that commences without the participation of the President and CEO and completes with the President and CEO in attendance.

DIRECTOR TERM LIMITS AND OTHER MECHANISMS OF BOARD RENEWAL

Directors are elected as directors of CGL for a three-year term. Directors of CGL also serve as directors of Co-operators General. Directors of Co-operators General are elected for a one-year term. The director terms for CGL are staggered to ensure continuity on the board and minimize turnover in any one year. There have been no term limits adopted for the directors of either CGL or Co-operators General as the current nomination and election process has been effective in generating director turnover and board renewal. Director tenure is measured and reported on a yearly basis in the company's annual Integrated Report appendices. The average number of years of service for the current directors is six years. Various tools (e.g., Director Skills Matrix) and processes (e.g., governance assessments) are in place to assess board effectiveness. The number of directors per region is set out in Ordinary By-law No. 1 of CGL. Directors are elected through the following process:

- CGL members appoint two delegates within their region as their representatives at Regional and Annual General Meetings;
- Delegates in each region nominate director candidates, which determines 15 (at-large) of the 22 directors. The remaining 7 directors are nominated by the Credit Union Centrals, four of which are nominated by Central 1 Credit Union, one of which is nominated jointly by Credit Union Central Alberta Limited and Credit Union Central of Manitoba Limited, one of which is nominated by Credit Union Central of Saskatchewan, and one of which is nominated by Atlantic Central;
- In order to be nominated as a director, persons need to be nominated at a regional meeting, and have served as a delegate or an alternate delegate of The Co-operators for at least one full year, and attended two regional meetings within a twelve month period, or have previously served as a director of CGL;
- Directors are elected from the nominees at the Annual General Meeting of CGL by the CGL members as represented by their appointed delegates; and

- As a wholly owned subsidiary, CGIC's parent elects the directors of CGL and the President and CEO as its directors each year. The Insurance Companies Act (Canada) requires the President and CEO to be a director of Co-operators General.

ORIENTATION AND CONTINUING EDUCATION

As reported above, the directors of Co-operators General are effectively chosen by the CGL members. Depending on how long they have served as delegates to CGL before being elected to the board, they may not at first have significant knowledge of the insurance industry.

Educational development begins when potential directors are delegates. Delegates meet three times a year, at two regional meetings and at the AGM. At each of these meetings there are presentations and education sessions with respect to Co-operators General and its business and progress in the period up to the time of the meeting. Recognizing that the delegate body is the pool of candidates from which potential directors are nominated and elected, a Delegate Skills Matrix was introduced in 2017 to inform and support the delegate appointment process. Annually, the delegates are asked to complete self-assessments of their skill levels against the matrix to produce a delegate skills heat map that identifies areas of strength and opportunities for development for future education sessions. In 2018, alternate delegates were included in the self-assessment process to enhance the heat map's utility to offer more in-depth insight into the composition of the pool of potential candidates for director roles.

Once elected, directors come to the head office for a two-day New Director Orientation session. This session involves presentations from representatives of all key areas in Co-operators General and involves a complete review of Co-operators General's structure, governance, business and the role of directors. A second orientation session is held mid-year to provide the new directors with additional education and information.

On an ongoing basis, the board and its committees are provided a range of educational sessions on topics germane to Co-operators General. Formal board education days are also offered throughout the year. In addition, two of the board's meetings each year are reserved for board/management seminars to provide educational content, discuss and determine annual and long-term strategies, and perform the governance assessment.

The board implemented and participated in a Director Development Program (DDP) from 2013 – 2016. The DDP was a customized competency-based program to support their ongoing learning and development and enhance governance performance. The DDP included a launch event followed by eight modules focused on subjects germane to the business, director core competencies and governance responsibilities of the board. Topics included: Knowledge of the Business – Life Insurance; Knowledge of the Business – P&C Insurance; Strategic Thinking and Decision Making; Risk Governance; CEO Compensation, Performance Management and Succession; and Audit, Compliance and Regulatory Frameworks. The program's capstone module was a board simulation activity that provided an opportunity to showcase director skill development over the duration of the program. An independent, third-party evaluation of the DDP was conducted to assess the effectiveness of the program and inform future board and director development.

In 2017, a Director and Board Development Learning Pathway was introduced that looks at all director and board activities as a part of a whole. The program seeks to utilize the biannual board education days to maintain focus on competencies and introduce new content, while simultaneously developing and offering new approaches to learning that are customizable to directors based on their individual backgrounds and experience. The biannual board education days focus on subjects relevant to our business environment, including corporate and co-operative perspectives, delivered by both internal and external subject matter experts. In 2018, featured subjects were the Ontario Auto Insurance Market, Five Critical Things Every Co-operative Leader Should Know, and Third Party and Outsourcing Risk. The board also participated in a cyber security simulation activity delivered by a third-party provider to enhance its understanding of how the board and senior management can prevent, detect and respond to a cyber security incident. The integrated approach to education encourages director participation in a variety of activities, including but not limited to committee education sessions, webinars, conferences, and individual director training and development, including accredited designations.

The board, by policy, has also allocated up to $15,000 per director per three-year term (on the CGL board) to be used towards their continuing education as it applies to their role as a director. A comprehensive calendar linked to the Director Skills Matrix highlights external education opportunities to support and encourage independent training and development activities. Each director works with the Chairperson to identify their own areas of need for development and is expected to apply their educational budget towards this development. In 2018, directors completed a total of 66 days of individual training and development activities.

ETHICAL BUSINESS CONDUCT

Co-operators General is a member of a co-operative group of companies. Co-operatives follow a set of principles adopted by the International Co-operative Alliance encompassed in the 'Statement on Co-operative Identity'. These principles include such things as one member, one vote, concern for community and co-operative education. Ethical business conduct has been a cornerstone of doing business for Co-operators General since its very beginning.

The board has adopted a number of policies relating to director conduct including the Code of Conduct, Director's Access to Corporate Opportunities Policy, and human resource policies applicable to directors. Similar policies are in place with respect to staff. The Chief Human Resources Officer reports annually to the board on experience under, compliance with, and maintenance of staff ethics policies. A copy of any of these policies can be obtained by writing to the Corporate Secretary at The Co-operators Group, 130 Macdonell Street, Guelph, Ontario, N1H 6P8.

Co-operators General's ethics policies include a procedure for the handling of confidential and/or anonymous complaints relating to accounting, auditing or internal control issues. Staff who wish to submit a complaint or concern can do so by calling or utilizing the e-Web reporting system called ConfidenceLine. Employees may raise bona fide concerns without reprisal. Individuals are assured that all information they provide will be treated in a confidential, discreet manner. Concerns will be properly investigated, on a case-by-case basis.

The board's Corporate Governance and Conduct Review Committee is responsible for fulfilling certain requirements of the Insurance Companies Act (Canada), particularly those relating to self-dealing, the maintenance and monitoring of the Board Conduct Policy, and for ensuring that conflicts of interest are identified and dealt with.

Directors and officers are required annually to file a statement disclosing any interests or involvements that they may have in entities or transactions in which Co-operators General may be involved. These are reviewed by Co-operators General's General Counsel who reports on any issues raised to the Corporate Governance and Conduct Review Committee, which then reports to the board.

Directors also have confidential access to independent legal advice at company expense with respect to issues involving their role as directors, particularly conflicts of interest and they are advised and do regularly use such counsel.

The Access to Corporate Opportunities Policy prohibits the offering of corporate opportunities to directors unless such opportunities have already been offered to an identifiable market, such opportunities are on market terms and conditions and other requirements with respect to diligence, form and transparency have been complied with.

No material change report was filed in 2018 that pertains to the conduct of a director or an executive officer which constitutes a departure from this code.

With a few minor exceptions, the Insurance Companies Act (Canada) requires that directors who have a conflict of interest in a transaction in which Co-operators General is involved declare that interest and not participate in any meeting where that issue is being discussed. The Conflict of Interest Declaration Notice is included in all board reports to remind directors of their obligations. Directors have declared conflicts of interest and absented themselves from a meeting when and as required.

In compliance with the Public Accountability Statement requirements under the Insurance Companies Act (Canada), CGL publishes an annual Integrated Report which reviews the activities of CGL's companies. This report includes the activities of Co-operators General, which has equity exceeding $1 billion, along with the activities of other regulated companies owned by CGL.

The Chief Compliance Officer of CGL makes compliance reports to the Corporate Governance and Conduct Review Committee. The Chief Compliance Officer solicits feedback from various roles across The Co-operators group of companies to prepare reports on compliance. Although the reports are exceptions-based, in the process of doing this review any major divergence from regulations, industry guidelines, company policy, including ethical business conflict, is identified and reported on.

DIVERSITY IN GOVERNANCE

BOARD OF DIRECTORS

One of the co-operative principles we operate under is democratic control. The diversity of our board is a product of this democratic control and reflects the nature of our member organizations. The Board of Directors believes it is important to articulate and communicate the desired skills, knowledge, experience and attributes of members serving on its board and board committees. A Director Skills Matrix has been adopted by the board. Annually, directors complete self-assessments of their skill levels against the matrix to produce a director skills heat map that identifies areas of skill strength and gaps. The completed skills matrix is shared with our membership to inform the nomination and election of candidates to serve on The Co-operators board. The Company recognizes and values diversity, including age, culture, ethnicity, gender, geographic and sectoral representation, and skill.

REPRESENTATION OF WOMEN ON THE BOARD AND AMONG EXECUTIVE OFFICERS

BOARD OF DIRECTORS

The board has a Representation of Women on the Board policy that establishes a target to achieve at least 30% women directors by 2020 and 50% women directors by 2025. As the pool from which The Co-operators directors are nominated and elected is the delegate body, The Co-operators has set a further goal to achieve 50/50 gender balance within the delegate pool. The policy requires the Company to communicate its goals and expectations to our member organizations through the annual delegate appointment and director nomination processes. Members are asked to appoint at least one woman of its two delegates and are asked to consider our goals when nominating and electing individuals to serve on our Board of Directors. The policy also requires the Company to support the development of a pipeline of candidates by seeking to identify and implement programs and initiatives to promote and support the advancement of women within our governance structure. Since the policy's adoption in 2016, the Company has implemented a variety of tactics to raise awareness, communicate our goals and support the organization in moving toward its targets. This includes hosting events and discussions with member organizations and delegates, including at its AGM; developing a delegate mentorship pilot program; and reporting on the progress of representation of women within its delegate body and on the board to its members and the broader public in the annual Integrated Report.

The Corporate Governance and Conduct Review Committee is responsible for implementing The Co-operators Representation of Women on the Board policy, related strategies and objectives and for overseeing the Company's compliance with this policy. The Corporate Governance and Conduct Review Committee consults with the Member and Co-operative Relations Committee on related matters and reports to the board at least annually on the organization's compliance and progress. In 2018, the two committees held a joint meeting where they considered thought leadership from an external governance expert on board diversity and renewal.

Currently, 6 of the 23 Co-operators General board member positions are held by women, which represents 26% of the Co-operators General directors, an increase from 22% in 2017. The 2018 director nomination process (for candidates to serve on the board for the 2019 – 2022 term) resulted in three women (38%) out of a total of eight nominees for director positions, an increase from the 2017 director nomination process which had two women (22%) out of a total of nine nominees. Representation of women within the delegate pool increased to 34% in 2018 from 31% in 2017 and increased within the alternate delegate pool to 36% in 2018 from 35% in 2017.

EXECUTIVE OFFICERS

The Company does not have specific policies or targets in place regarding the representation of women among its executive officers. Policies or targets have not been adopted because a candidate's eligibility for a position is based on a number of factors focused on knowledge and skills specifically required for the job. The Company reports annually to the Board of Directors regarding the development of senior management, succession plans and processes in place for key management positions. Part of the metrics used for this report includes the number of women in the general succession planning pool, as well as the number of women in senior leadership positions. Currently, 16 out of 49 executive positions are held by women, which represents 33% of the executive team.

DIVERSITY OF SKILL ON THE BOARD

In 2017, the board identified the need to explore aspects of diversity beyond Representation of Women and selected to focus on diversity of skill. Recognizing that the delegate body is the pool of candidates from which potential directors and nominated and elected, the adoption of the Delegate Skills Matrix to inform the delegate appointment process and delegate education activities ensures that the pipeline of potential director candidates is comprised of individuals that collectively possess a healthy balance of skills, expertise and perspectives to contribute to the governance of the Company. In 2018, the Director Skills Matrix was reviewed with the assistance of an external consultant to ensure that it is reflective of the board's current and future needs in consideration of the Company's strategy, risk profile, regulatory requirements, board responsibilities and commitment to diversity in governance.

DELEGATE DIVERSITY ANNUAL REPORT CARD

A Delegate Diversity Annual Report Card inspired by the Canadian Board Diversity Council's annual report card was also established in 2017 and was enhanced to include alternate delegates in 2018. This report provides insight into the composition of the delegate body and enables the Company to monitor progress of its diversity goals, as well as inform the development of new tactics and future decision-making that support diversity in governance.

DIRECTOR COMPENSATION

Directors of Co-operators General are compensated as directors of CGL, with the exception of the President and CEO, who receives no compensation in his capacity as a director. Co-operators General and CGL have entered into an Inter-company Services Agreement, providing, among other matters, for the services of directors. In 2018, Co-operators General contributed 64.2% of the total management fees paid to CGL, under the Agreement. A portion of this amount represents Co-operators General's share of the cost of the board of directors. The Agreement is further discussed under the *Material Contracts* section.

The Risk and Compensation Committee of the board is responsible for compensation matters. A majority of the members of the Committee have experience in executive compensation and risk management. The Committee recommends a guiding philosophy and a director-compensation policy for the approval of the board and reviews the director compensation plan periodically in accordance with the policy. The board of directors' compensation philosophy was last reviewed in April 2018. It is reproduced below.

BOARD OF DIRECTORS COMPENSATION PHILOSOPHY

A skilled and dedicated board of directors is essential to the effective governance of The Co-operators group of companies. In compensating the chairperson and members of the board of directors 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; and
- Maintain consistency with the Company's philosophy for the compensation of its executives and other employees.

PRINCIPLES

The following principles will guide the development of the Company's 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, chairs of board committees and members of the boards of directors of subsidiary companies 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; and
- Members of the board should be encouraged to higher performance through continuous learning and development. Accordingly, financial support will be available for approved activities.

PROCESS

In its capacity as the board's compensation committee, the Risk and Compensation Committee will:

- Review this statement from time to time and recommend changes, as appropriate, for the board's consideration;
- Every three years, conduct or cause to be conducted a deliberative and objective review of the Director Compensation Plan; and
- Recommend, for the board's approval, periodic adjustments to all forms of director compensation.

Director compensation will be disclosed to the appropriate regulators and, as required, to the general public.

CURRENT COMPENSATION

In 2017, a comprehensive review of the director compensation plan was initiated, with the assistance of a major consulting firm. A survey was conducted of peer organizations including smaller banks, public insurers, co-operatives, and fraternal and mutual insurance companies. The review concluded in 2018 and adjustments to the rates of director compensation were implemented. In accordance with board policy, the next compensation review is scheduled to be conducted in 2020. An evaluation of the President and CEO's compensation against market compensation rates is performed at the same time as the director compensation review.

- 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 chairperson(s) of the Audit Committee and Risk and Compensation Committee receive an additional annual retainer of $12,000;
- The chairperson(s) of other Co-operators General standing board committees (Corporate Governance and Conduct Review, and Sustainability and Citizenship) receive an additional annual retainer of $9,000

- The chairperson(s) of the CGL board committee, Member and Co-operative Relations, receives 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 and other approved functions that exceed five hours in duration; and
- All directors receive a per diem of $450 for attendance at engagements that exceed two hours but do not exceed five hours.

Compensation paid by CGL to directors (other than the President and CEO) as of December 31, 2018 is as follows:

Name	Directors' compensation fees earned[1] $	Share-based awards and other compensation[2] $	Total[8] $
Don Altman[3]	17,369	-	17,369
Phil Baudin[4]	89,825	-	89,825
Denis Bourdeau	65,900	-	65,900
Daniel Burns[3]	20,969	-	20,969
Louis-H. Campagna	70,925	-	70,925
Gilles Colbert	62,450	-	62,450
Hazel Corcoran	62,075	-	62,075
Roger Harrop[3]	21,869	-	21,869
John Harvie[5]	174,550	-	174,550
Rick Hoevenaars	56,975	-	56,975
Chris Johnson[6]	47,406	-	47,406
Geri Kamenz	76,325	-	76,325
Bill Kiss[6]	52,806	-	52,806
Réjean Laflamme[4,7]	79,938	-	79,938
Denis Laverdière	71,675	-	71,675
Jim Laverick[4]	85,400	-	85,400
Marilyn Loewen Mauritz	63,050	-	63,050
Michael Mac Isaac	75,725	-	75,725
Rob Paterson[6]	38,856	-	38,856
Bob Petryk	67,775	-	67,775
Reba Plummer[6]	52,806	-	52,806
Collette Robertson	62,975	-	62,975
Dave Sitaram[3]	18,719	-	18,719
Jocelyn VanKoughnet	73,625	-	73,625
Jack Wilkinson	98,975	-	98,975
Alexandra Wilson[4]	96,863	-	96,863

[1] The table includes per diems but does not include any amounts paid as reimbursement for expenses.

[2] Co-operators General does not use shares, share options, or other share-based compensation methods, other non-equity incentive plan compensation, pension benefits or any other compensation to compensate its directors.

[3] Served as a director until April 2018.

[4] Committee chairperson.

[5] John Harvie is the chairperson of Co-operators General.

[6] Elected as a director in April 2018.

[7] Réjean Laflamme is the vice-chairperson of Co-operators General.

[8] Amounts disclosed represent total compensation by CGL. In 2018, 64.2% (2017 - 61.4%, 2015 - 60.9%) of the amount allocated to CGL's subsidiaries was attributed to Co-operators General for services rendered. Refer to the Inter-company Services Agreement discussed in the Material Contracts section for details.

BOARD COMMITTEES

All board committees are comprised of independent directors. In line with governance best practices, the board periodically conducts a review of its committee structure, ensuring that our committees support our key areas of focus and reflect the future requirements of the organization. The committees were last revised in April 2013. The following are brief summaries of some of the key responsibilities of the board committees at Co-operators General (excluded is the Member and Co-operative Relations Committee, as it is a CGL board specific committee) as defined by the terms of reference which have been adopted for that committee:

CORPORATE GOVERNANCE AND CONDUCT REVIEW COMMITTEE

The Corporate Governance and Conduct Review Committee develops and recommends policies and practices to maintain high standards and best practices in corporate and co-operative governance and serves as a centre of self-reflection to build and enhance governance effectiveness through board and director education and performance management programs. The committee carries out board responsibilities with respect to the Self-Dealing provisions as set out in the Insurance Companies Act (Canada) and conflicts of interests and the conduct of related parties to The Co-operators. The committee provides oversight to the Company's Regulatory Compliance Management Program, including the Company's identification of key regulations, regulatory risk management policies, compliance assessment, monitoring and reporting, and to the Company's Chief Compliance Officer, giving guidance and advice and fulfilling the oversight responsibility of the board in relation to the Company's Compliance programs. The committee also reviews and advises management on the Board of Directors budget.

RISK AND COMPENSATION COMMITTEE

The Risk and Compensation Committee oversees The Co-operators group of companies' Enterprise Risk Management Program, including identification of key risks, risk appetite, risk management policies, risk measurement and assessment, risk monitoring and reporting, and program compliance. The committee provides oversight to the Chief Risk Officer, gives guidance and advice to senior management on strategic issues linked to top risks and fulfills the oversight responsibility of the board in relation to the Company's lending and investment programs. The committee develops and periodically evaluates the Board and President and CEO's compensation programs for approval by the Board of Directors. It administers the performance management programs for the President and CEO and Executive Vice-President, Member Relations, Governance and Corporate Services. The committee ensures that effective management succession plans are in place and provides oversight of the Company's responsibilities as sponsor of The Co-operators Group's retirement plans.

SUSTAINABILITY AND CITIZENSHIP COMMITTEE

The Sustainability and Citizenship Committee is responsible for fostering best practices in sustainability governance and providing oversight of the sustainability performance of The Co-operators group of companies. It monitors and advises on measures to enhance sustainability governance practices at the board and subsidiary boards. It reviews and recommends policies, strategies and annual plans to advance the Company towards its sustainability vision and monitors sustainability policy implementation, implementation of the sustainability components of the corporate strategy and stakeholder engagement. The committee monitors integration of sustainability risk management across the Company. It advises the board on the sustainability impact of key decisions. Additionally, the committee is assigned with the lead oversight responsibility for climate-related issues, risks and opportunities. The committee also provides oversight of the corporate citizenship programs of CGL and its group of companies. Corporate citizenship is also referred to as "community investment" and pertains to corporate donations, sponsorships, employee volunteering and other aspects of our community contributions.

AUDIT COMMITTEE

The responsibilities of the Audit Committee are discussed in detail under the heading *Audit Committee Information*.

ASSESSMENT OF PERFORMANCE OF DIRECTORS AND OFFICERS

The board conducts regular performance reviews to assess the effectiveness of the Board of Directors, individual directors, Chairperson of the Board, and board committees. The board approves the annual performance goals of the President and CEO, and also approves a set of finite priorities for the Executive Vice-President, Member Relations, Governance and Corporate Services related to specific board governance, member and co-operative relations accountabilities. The board conducts an annual performance review of the President and CEO and the Executive Vice-President, Member Relations, Governance and Corporate Services 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's performance as a board 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 senior management regularly in attendance at the board of directors meeting 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 last review conducted in 2017 focused on governance outcomes as opposed to traditional structural and process inputs. The process invited participation from the directors and senior management to identify the board's impact, value and contributions to the success of the Co-operators group of companies and to the take appropriate steps to improve its effectiveness.

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. The results of the committee evaluation are shared with the board. In 2017, the board committee evaluation was performed in conjunction with the board of directors evaluation and focused on governance outcomes.

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.

INDIVIDUAL DIRECTOR ASSESSMENT

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. Directors complete a self-assessment and assesses the performance of each of his or 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 or 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.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

The Company is not aware of any director or executive officer of the Company, that is, or has been in the last ten years, a director, chief executive officer (CEO) or chief financial officer (CFO) of any company that was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (a) while that person was acting as a director, CEO or CFO or (b) after that person ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting as a director, CEO or CFO. Further, the Company is not aware of any director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company that is, or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, made an arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The Company is not aware of any director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company that has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, made an arrangement or compromise with creditors or has a receiver, receiver manager or trustee appointed to hold their assets.

DEMOCRATIC STRUCTURE REVIEW

CGL, the ultimate parent company of Co-operators General, conducts a regularly-scheduled review of its democratic structure every ten years. This would normally include a review of key governance issues of CGL and its subsidiaries such as Co-operators General. CGL's by-laws set out an emphatic statement of the underlying purpose for the review as follows: "*The Co-operators Group Limited recognizes that it constantly needs to be vigilant to ensure that its structure remains representative of the co-operative sector in Canada, is dynamic, continues to serve its members' needs, and continues to be relevant."* The Co-operators board may also at any time commence a Democratic Structure Review (DSR) outside of the ten-year timeframe as well as review the structure or operations of the subsidiary boards, including Co-operators General. The next DSR scheduled for 2020 (being ten years after the start of the last review) will commence in 2019. Given the pace of change in today's business environment and opportunities within our democratic and governance structures the Board of Directors has decided to accelerate the next review.

AUDIT COMMITTEE INFORMATION

TERMS OF REFERENCE

Throughout these terms of reference "Company" means CGL or all of the companies for which the committee serves as Audit Committee, including Co-operators General, as the context requires. "Board of Directors" means the board of directors of CGL and "board of directors" means the board of each of the companies for which the committee serves as the Audit Committee.

MANDATE

- The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the board. The committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications of the public accounting firm engaged as the Company's independent auditor to prepare or issue an audit report on the financial statements of the Company, and the performance of the Company's internal audit function and independent auditor. The committee reviews and assesses the qualitative aspects of financial reporting to shareholders, and other key stakeholders and compliance with significant applicable legal, ethical, and regulatory requirements. The committee is directly responsible for the appointment (subject to member approval), compensation, retention, and oversight of the independent auditor. Management, on the other hand, is responsible for the preparation, presentation and integrity of the interim and annual financial statements and related disclosure documents. Management is also responsible for maintaining appropriate accounting and financial reporting policies and systems of internal controls and procedures that are in compliance with accounting standards, applicable laws and regulations and that provide reasonable assurances that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly; and

- The committee serves as the Audit Committee of CGL, CFSL, CGIC, CLIC, Sovereign, COSECO, CUMIS General and CUMIS Life. It fulfills a monitoring role with respect to the other subsidiaries and affiliates within CGL.

RESPONSIBILITIES

The committee shall perform the duties set out in this charter and shall perform such other duties as may be necessary or appropriate under applicable law or stock exchange rules, or as may be delegated to the committee by the board from time to time, including such duties as are specified in the Company's Board Guidelines.

Chair

The chair of the committee is charged with the leadership role of overseeing and monitoring the financial well-being of The Co-operators group of companies. In this role, the chairperson leads the Audit Committee in fulfilling its obligations as required by the organization and the regulators. A complete list of duties and responsibilities is set forth in The Co-operators Group Audit Committee Terms of Reference.

COMPOSITION AND APPOINTMENT

- The Audit Committee consists of five members of the Board of Directors of The Co-operators Group Limited. Members of the committee must meet any other qualifications for Audit Committee members established by law or by any authority having regulatory power over the Company, including the independence requirements of National Instrument 52-110 and of the Insurance Companies Act (Canada), as amended from time to time;

- Members of the committee will be elected each year at the first meeting of the Board of Directors following the AGM of the Company. The board may appoint members to fill any vacancies that arise during the year. At no time shall the committee comprise of fewer than three members;
- The chairperson of the Audit Committee will be elected from among board members who have been nominated for the position and hold the qualifications identified in the role of the chairperson of the Audit Committee document. These attributes include: being independent-minded, able to provide leadership, having no direct or indirect material relationship with the Company, have management experience, financial management training and knowledge of various components of the organization;
- If the chairperson of the committee is not present at any meeting of the committee, one of the members of the committee who is present at the meeting shall be chosen by the committee to preside at the meeting;
- In electing other members to the committee, the board will choose people who it believes:
    - Are independent and financially literate within the meaning of the Ontario Securities Commission Multilateral Instrument 52-110;
    - Have an inquiring attitude, objectivity and sound judgment;
    - Possess a general understanding of the Company's business and are prepared to take the necessary instruction and to review the necessary material to deepen that knowledge and understanding; and
    - Are willing to devote the necessary time to becoming familiar with the Company and preparing for and attending meetings.
- Each member of the committee must have the ability to read and understand a set of financial statements that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements;
- The effectiveness of the committee will be strengthened if at least one member has experience in financial management or accounting; and
- 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.

MEETINGS

- The committee will meet at least four times each year or more frequently as may be required to fulfill its mandate. Three members of the committee shall constitute a quorum for the transaction of business. The CFO, other members of management and the external and internal auditors will attend meetings of the committee as may be required to provide information and to answer inquiries;
- The committee will reserve time to meet privately with each of the external and internal auditors at each of its regular meetings and, as necessary, with management. The committee will also meet privately with the appointed actuary annually at the meeting where the annual financial statements are approved to discuss these statements and the annual return filed by the actuary in accordance with the requirements of the Insurance Companies Act (Canada);
- The chairperson of the committee or any member of the committee may call a special meeting of the committee with reasonable notice; and
- Notice of the time and place of every meeting shall be given in writing to each member of the committee at least 48 hours prior to the time fixed for such meeting.

ACCESS TO INFORMATION

The committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities.

FINANCIAL REPORTING

The Audit Committee will review with management and the external auditors:

- The appropriateness of the Company's accounting and financial reporting;
- Any significant changes to the Company's accounting and financial reporting as such changes are recommended by management or the external auditors;
- The accounting treatment of significant risks and uncertainties or significant business developments;
- Any material relevant proposed changes in accounting standards, policies or regulations;
- Key estimates and judgments of management that may be material to the Company's financial reporting;
- Significant auditing and financial reporting issues discussed during the fiscal period and the method of resolution;
- Review with management at least annually the approach and nature of financial information to be disclosed to rating agencies; and
- The report of the Company's disclosure committee.

The committee will review with management and the external auditors and approve or, if appropriate, recommend for approval by the board before the following information is disclosed to the public or regulators, as applicable:

- The annual audited consolidated financial statements, together with the report of the external auditors and the appointed actuary, of the appropriate companies;
- The annual MD&A and certifications provided by the President and CEO and CFO for Co-operators General;
- The annual earnings press release for Co-operators General;
- The interim unaudited consolidated financial statements of Co-operators General and accompanying MD&A and earnings press release;
- Other returns of the Company as the Superintendent of Financial Institutions for Canada may specify;
- Any prospectuses and registration statements; and
- Review and recommend for approval the Company's disclosure policy and the disclosure controls that have been adopted by the Company to confirm that material information about the Company that is required to be disclosed under applicable law or stock exchange rules is disclosed on a timely basis.

OTHER REPORTING

- Review legal and regulatory matters that may have a material effect on the financial statements, related Company financial compliance policies and programs, and reports received from regulators;
- Receive periodic reports from management on current and potential litigation involving the Company that is out of the course of ordinary business;
- Receive periodic reports from management on the valuation of investments, goodwill and intangible assets;
- Review all external actuarial peer reviews of the Appointed Actuary's Report and Financial Condition Report prepared by external actuary. Approve external actuary engaged to perform peer reviews;
- Receive and approve the AIF; and
- Receive the annual reports of the appointed actuaries and statutory returns prepared by him/her.

INTERNAL CONTROLS

In overseeing the Company's internal control procedures and management's reporting on them, the committee will:

- Require the management of the Company to design, implement and maintain appropriate internal control procedures (including controls related to the prevention, identification and detection of fraud);
- Review, evaluate and approve the procedures noted above;
- As required, meet with the Vice-President, Audit Services and other management as required to discuss the effectiveness of the Company's internal control procedures and the status of identified control weaknesses;
- Review management's assessment of the operating effectiveness of the Company's internal controls over financial reporting contained in the interim and annual filings under applicable securities laws;
- Review certification on the review of internal control over financial reporting required under applicable securities laws;
- Review reports from management and Vice-President, Audit Services regarding any significant deficiencies and material weaknesses in the operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and any fraud involving management or other employees who have a significant role in the Company's internal controls and any significant changes in internal control over financial reporting that are disclosed in regulatory filings;
- Review management's recommendations for rectifying such deficiencies and weaknesses and review, as appropriate, the implementation of such recommendations;
- Review, as required, correspondence relating to inquiries or investigation by regulators concerning internal controls;
- Review management's assurance reporting that controls and procedures are in place which confirms that the Company is in compliance with certain regulations and policies as described, and has appropriately filed documents and remitted amounts as required;
- Review such investments and transactions that could adversely affect the well-being of the Company as the internal auditor or any officer of the Company may bring to the attention of the committee; and
- Ensure procedures are established for the receipt and retention of and reasonable attempts to resolve complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential and anonymous submission from employees of the Company respecting accounting, auditing or internal control matters.

EXTERNAL AUDITORS

The external auditors report to the board and the Audit Committee. The committee has the authority to communicate directly with the external auditors. The committee shall evaluate and be responsible for the Company's relationship with the external auditors, including an assessment of their independence. Specifically, the committee will:

- Review and propose the approval of appointment, reappointment, remuneration or removal of the external auditor of the Company to the members, shareholders and policyholders as the case may be. In a year where the external audit is sent to proposal, the Audit Committee will play an active role in reviewing all audit firm proposals and will have the full and final responsibility for the selection of the external audit firm. The committee will also agree to the scope and terms of the audit engagement and approve the engagement letter;
- Periodically assess the external auditors' continuing performance and qualifications;
- Perform a formal assessment of the external audit engagement at least once every 5 years;
- Review the terms of the external auditors' engagement, the annual audit plan and the appropriateness and reasonableness of the proposed audit fees and make recommendations to the board as appropriate;
- Satisfy itself that the audit plan is risk-based and covers all relevant activities over an appropriate cycle and that the work of the external and internal auditors is coordinated;
- Review the scope and results of the audit conducted by the external auditors with the external auditors, the Vice-President, Audit Services and management, including:
    - The degree of cooperation the external auditors received from management and any problems experienced by the external auditors in conducting the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
    - The existence of problems or potential problems related to accounting and/or auditing matters and any accounting errors;
    - The appropriateness and quality of all critical accounting policies and practices used by the Company and the selection of new policies and practices (including those policies for which management is required to exercise discretion or judgment); and
    - Any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the external auditors preferred treatment, as well as any other material communications with management.
- Meet regularly with the external auditors without management present to review and ask the external auditors to report on any audit problems and difficulties including any significant disagreements, unresolved issues as well as management's response thereto and consultations with management, as well as any other matters the external auditors believe the committee should be aware of in order to exercise its responsibilities;
- Oversee the resolution of any disagreements between the external auditors and management;
- Review all material correspondence between the external auditors and management related to audit findings;
- Evaluate the external auditors' audit performance, taking into account management's evaluation of such performance;
- Review the reports of the external auditors;
- Establish criteria for the types of non-audit services that an external auditor can and cannot provide, including rules stipulating when advance approval by the Audit Committee is required for new contracts, and annually review the procedures for approval of non-audit services by external auditors;
- Approve non-audit related services to be provided by the external auditor and consider proposals for specific non-audit assignments as required by the Procedures for Approval of Audit and Non-Audit Services by External Auditors;
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- Require the external auditors to confirm annually, in writing, that they are independent in accordance with applicable independence rules; and
- Evaluate any concerns raised by the Office of the Superintendent of Financials Institutions or other stakeholders about the external auditors' independence. The committee shall be notified of the concerns the Company receives from its stakeholders, review the basis for the concerns and, in consultation with the external auditors and senior management, determine whether action is required to address them. The committee will oversee the implementation of any remediation plans.

INTERNAL AUDITORS

To provide for the independence of the Audit Services' department, the Vice-President, Audit Services will report functionally to the Audit Committee and administratively to the Executive Vice-President Finance and CFO of CGL. The Vice-President, Audit Services has the right of direct access to the President and CEO and the chair of the Audit Committee should the need arise. In overseeing the internal audit function, the committee will:

- Review periodically the internal audit charter, audit coverage, planned areas of audit focus, staffing/resources, and organizational structure of the internal audit function and, if appropriate, recommend changes;
- Review and approve the planned areas of audit focus and the annual audit plan;
- Review the reporting relationship and independence of the Vice-President, Audit Services and ensure there are no restrictions or limitations on the functioning of the internal audit department; in support of best practice, the Vice-President, Audit Services will confirm his or her independence annually;
- Review the quarterly report of the Vice-President, Audit Services, together with management's response to any identified weaknesses, including reports on internal controls over various risk categories;
- Review and concur on the replacement, reassignment, or dismissal of the Vice-President Audit Services; and
- Review the results of periodic Quality Assessment Reviews performed by Audit Services, including those conducted by an external party/validator at least once every 3 years.

OVERSIGHT OF THE CHIEF FINANCIAL OFFICER AND VICE-PRESIDENT, AUDIT SERVICES

The committee oversees the CFO and internal audit function in the Company. Specifically, the committee:

- Discusses with management (i.e., with the President and CEO and CFO respectively) the appointment of the CFO and Vice-President, Audit Services, and his or her compensation and other terms of employment;
- Approves the CFO's and Vice-President, Audit Services' mandate and annual budget;
- Holds periodic discussion with management on the performance of the CFO and Vice-President, Audit Services; and
- Through discussion with management, satisfies itself that succession plans are in place to ensure that a temporary replacement for the CFO or Vice-President, Audit Services will be available if needed and that a pool of qualified candidates exists for consideration for permanent appointment to the position.

AUTHORITY

The Audit Committee shall have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants, or others to assist in the conduct of any investigation. The chairperson of the committee will inform the Chairperson or, as appropriate, the Vice-Chairperson of the Board of Directors whenever such action is taken.

REPORTING TO THE BOARD OF DIRECTORS

- The committee will report on its actions and activities at the next meeting of the Board of Directors, making such recommendations to the board as it deems appropriate; and
- The committee will report annually on its composition and mandate to the members and shareholders of the Company through the AIF.

COMMITTEE DEVELOPMENT

- The committee will receive education and training as necessary to enable it to fulfill its mandate effectively. At a minimum, one day a year will be devoted to this activity;
- The committee will review these Terms of Reference annually to ensure their continued conformance with statutes, regulations and guidelines of regulatory bodies as may be applicable to the Company and with best practices of audit committees and will recommend any changes it deems necessary to the Board of Directors; and
- The Board of Directors will assess the committee's performance at such regular intervals as it deems appropriate for the assessment of board committees.

AUDIT COMMITTEE MEMBERS

The five members of the Audit Committee as of the date of this AIF are all independent and financially literate. Their qualifications and education are outlined below:

Gilles Colbert

Gilles Colbert joined The Co-operators board in April 2015 and is a member of the Audit Committee. He served as a delegate to The Co-operators representing Credit Union Central of Saskatchewan (SaskCentral) from September 2012 to April 2015.

Gilles is currently on the board of directors of SaskCentral, where he represents the Peer Group 3 Saskatchewan credit unions and is co-chair of the Audit and Risk Committee.

Gilles worked in the credit union system for 30 years and has completed the Canadian Securities Course. He was the general manager at Unity Credit Union for 16 years before his retirement in 2000.

Denis Laverdière

Denis Laverdière joined The Co-operators board in November 2008 and is a member of the Audit Committee. He served on the Member and Co-operative Relations and Investment Policy committees. He was a delegate to The Co-operators representing UNI Coopération financière (formerly La Fédération des caisses populaires acadiennes limitée) from May 2002 to October 2008.

Denis retired as executive vice-president, distribution at UNI coopération financière in 2017 after 30 years of service with the organization. He holds a Bachelor's degree in Administrative Sciences from Université Laval, as well as the Chartered Professional Accountant, Certified General Accountant designation.

Geri Kamenz

Geri Kamenz joined The Co-operators board in April 2014. He is a member of the Audit Committee and a former member of the Risk and Compensation and Sustainability and Citizenship committees. He previously served in the capacities of alternate delegate and delegate to The Co-operators representing the Ontario Federation of Agriculture from June 2007 to April 2014.

Geri stepped down as chairperson of the Ontario Farm Products Marketing Commission at the end of 2016, having served in the position for over eight years as the longest-serving chairperson in the history of the commission. He previously served as president of the Ontario Federation of Agriculture from 2006 to 2008.

Geri owns and operates a first-generation multiple-enterprise farm business. He was formally educated as an Aviation Engineering Technologist and pilot, serving in the Canadian Armed Forces and in commercial flying before pursuing a career in agriculture.

Jim Laverick (Chairperson)

Jim Laverick joined The Co-operators board in April 2011 and is the chairperson of the Audit Committee. He served as a member of the CEO Search, Risk and Compensation, Executive, and Investment Policy committees. Jim was a delegate to The Co-operators representing United Farmers of Alberta (UFA) Co-operative Limited from May 2008 to April 2011.

Jim is on the board of Addenda Capital Inc., a subsidiary of The Co-operators. He is a member of the UFA board of directors and was chairperson from 2010 to 2014. He also served as a director of the Canadian Co-operative Association along with several other co-operative boards.

Jim retired from The Co-operators in 2007 as vice-president, western region. He held a variety of positions of increasing responsibility over his 38-year career with the company. He holds a Chartered Life Underwriter designation.

Bob Petryk

Bob Petryk joined The Co-operators Board in April 2016 and is a member of the Audit Committee. He is a former member of the Risk and Compensation Committee. He served as a delegate to The Co-operators representing Credit Union Central of Alberta from April 2013 to April 2016.

Bob is on the board of Credit Union Central of Alberta where he serves as vice-chair and as a member of the Governance Committee. He is also a director of Connect First Credit Union Limited serving as vice-chair of the Audit Committee.

Bob is the managing director of Petwin Bancorp Inc. He has Commerce and Law degrees from the University of Calgary and a Master of Business Administration from the University of Western Ontario (Ivey Business School). He also holds a Certified Director Designation from the Institute of Corporate Directors and has completed several courses through the Credit Union Director Achievement Program.

PRE-APPROVAL POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES

While it is recognized that the external auditor may have the necessary skills and expertise to provide non-audit services to Co-operators General, a policy has been designed to ensure that the provision of such non-audit services does not impair the auditor's independence.

TAX SERVICES

It is expected that in normal circumstances the external auditor will be able to provide tax services to Co-operators General without impairing his or her independence. Accordingly, the Audit Committee may grant pre-approval to those tax services that have been historically provided by the external auditor and that are consistent with the Chartered Professional Accountants of Ontario (CPAO) rules on auditor independence, provided that the Audit Committee is satisfied that the service will not impair the auditor's independence.

OTHER SERVICES

The Audit Committee may grant either specific or general pre-approval to those other services that it believes will not impair the independence of the auditor and that are consistent with the CPAO rules on independence.

Each year the Audit Committee will determine those services that may be provided over the course of the year by the external auditor and pre-approve those services. The term of any such pre-approval will be 12 months, unless in its decision the Committee specifically provides for a different period.

All requests for additional services to be provided by the external auditor will be submitted for pre-approval to the Audit Committee, if the service fee will exceed $200,000 or if the service relates to Co-operators General. The chairperson of the Audit Committee will be notified if the service fee will exceed $100,000. Notwithstanding the individual engagement approval limits, once total non-audit engagement fees are expected to exceed $500,000 in the aggregate for a particular calendar year, specific pre-approval must be obtained, and a revised limit may be established at the Committee's discretion.

EXTERNAL AUDITOR SERVICE FEES

PricewaterhouseCoopers LLP is the auditor of Co-operators General.

Co-operators General's fees paid to PricewaterhouseCoopers LLP relating to services were as follows:

	2018	2017
Audit fees related to the audit year	**959,300**	826,408
Audit-related fees related to the audit year	**45,000**	44,750
Tax fees related to services rendered during the year	**-**	-
Other products and fees	**39,636**	44,732
Total	**1,043,936**	915,890

Audit-related fees:

- 2018 and 2017 fees are for translation services.

Other fees:

- 2018 and 2017 amounts include fees for software used by insurers to complete regulatory returns, ancillary services related to income benefit replacement claims and business interruption claims and fees for external peer reviews of DCAT reports.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

In accordance with the requirements of applicable Canadian securities legislation, we have included the required information on all forms of compensation paid to persons who were, at December 31, 2018, the President and CEO, the CFO and the three other most highly compensated executive officers whose total base and incentive bonus was in excess of $150,000 per annum. These executive officers are referred to as the Named Executive Officers (NEOs).

The NEOs and other senior officers of the Company are employed and compensated by Co-operators General's ultimate parent company, CGL. Under an Inter-company Services Agreement, subsidiaries of CGL, including Co-operators General, pay a management fee to CGL for the services of these senior officers as well as other management and administration services. The Agreement is further discussed under the *Material Contracts* section.

Compensation amounts noted in this section are gross amounts paid to NEOs and not directly attributable to services rendered to Co-operators General. Of the total fees charged to CGL's subsidiaries for services rendered by Robert Wesseling, Bruce West, Carol Poulsen and Karen Higgins (since her appointment at Executive Vice-President and Chief Financial Officer), 64.2% (2017 – 61.4%, 2016 – 60.9%) was attributed Co-operators General. For Rick McCombie and Kevin Daniel (since his appointment as Executive Vice-President and Chief Client Officer), 100% was attributed to Co-operators General. Refer to the Inter-company Services Agreement discussed under the *Material Contracts* section for detail.

Co-operators General's publicly listed shares are preferred shares. The market price of these shares varies primarily with market interest rates, not the performance of the Company, except to the degree that the Company performance affects its credit quality. Because of the nature of its publicly listed shares, Co-operators General does not use shares, share options, or other share-based compensation methods to compensate its senior officers.

COMPENSATION APPROACH

The executive compensation program is aligned with our mission, vision, values and business strategy and is designed to reward both short-term and long-term performance. The program balances our co-operative nature with the need to be competitive within the external market.

The approach adopted for the compensation program is to pay at market-median for similar positions within insurance, financial services and co-operative companies for executive positions other than the President and CEO. In the case of the President and CEO, depending on the incumbent's experience and achievements, total cash compensation when target performance is achieved will fall between the 40th and 60th percentile of the amount paid for similar positions by competitor insurance companies, financial institutions and co-operatives. Market positioning is determined by conducting benchmark reviews for base salary and incentive pay using publicly available data and data from custom surveys, as required.

The Risk and Compensation Committee recommends, for the Board of Directors' approval, a guiding philosophy for the compensation of the Company's President and Chief Executive Officer. The President and CEO compensation philosophy is reviewed annually, and as appropriate, the Risk and Compensation Committee recommends changes to the board.

Annually, the committee recommends for the board's approval:

- Any adjustment to the President and CEO's base salary;
- Strategic initiatives and targets for inclusion in the President and CEO's short-term incentive plan;
- Targets for inclusion in the President and CEO's long-term incentive plan for the following three years; and
- Payments due under the President and CEO's short-term and long-term incentive plans.

Every six years, the committee conducts a deliberative and objective review of the President and CEO Compensation Plan. The committee receives best-practice advice on the compensation structure including base salary, annual incentive opportunity, long-term incentive opportunity, perquisites and supplemental benefits including pension. A complete review of the committee's findings is presented to the Board. Every three years, the committee benchmarks the President and CEO's target total cash compensation against compensation paid to the President and CEOs of companies with whom the Company competes for talent and recommends to the Board any adjustments that may be needed. Assistance from appropriate external experts is engaged for both the 3-year and 6-year reviews.

In 2017, an independent compensation consultant, Accompass, was retained to conduct a comprehensive review of the short-term and long-term incentive components of the President and CEO Compensation Plan. Accompass was asked to provide an opinion on how well the plan was aligned with the Financial Stability Board Principles for Sound Compensation Practices and the Canadian Coalition for Good Governance Executive Compensation Principles. The Chief Risk Officer was involved throughout the review to ensure the plan was aligned with sound risk management principles. Upon completion of the review and adoption of changes to the plan, including the addition of explicit guidance for the application of risk adjustments to incentive compensation, Accompass determined that the revised plan was aligned with the principles. Willis Towers Watson was then retained to do a competitive analysis of the President and CEO total cash compensation. Certain recommendations from the consultants' reviews were approved by the Board of Directors and adopted in 2018.

The President and CEO is responsible for determining the compensation of the executive officers. The Risk and Compensation Committee retains the right to oversee the compensation of senior management in conjunction with the President and CEO.

COMPENSATION PHILOSOPHY

CGL's compensation philosophy is aligned with the overall strategic business plan. In designing its executive compensation plans it wishes to achieve the following:

- Attract and retain executives with the skills and vision needed to lead the Company to success;
- Ensure that the executive's leadership is consonant with the Company's business strategy and its mission, vision and values;
- Promote a pay-for-performance culture in which superior performance draws in superior rewards and below-target performance draws lower rewards;
- Motivate executives to strive equally for the Company's operational soundness, its financial success and its long-term sustainability;
- Encourage executives to take risks that are commensurate with the Company's risk appetite and key to the execution of its strategy;
- Provide executives with a market-competitive compensation plan, including salary, incentives, benefits and perquisites, while maintaining reasonable equity and consistency with the compensation provided to the Company's other employees; and
- Provide an income and continuing benefits, commensurate with the executive's years of service, upon the executive's retirement from the Company.

The compensation program is further guided by these principles:

- Total cash compensation when target performance is achieved will be at or near the 50th percentile of the amount paid for similar positions by competitor insurance and financial services companies as well as like-sized co-operatives;
- A significant portion of each executive's total compensation is at risk and depends on the Company's short-term and long-term performance;
- Where appropriate, performance may be assessed in relation to the competition and to the degree of risk the Company assumes in seeking results;
- The scope and responsibilities of the position, as well as the specific skills and experience needed to fulfill them, are compensated through an annual base salary;
- For a fully experienced incumbent, annual changes to the base salary should bear an appropriate relationship to the average market-adjustment awarded to the Company's non-executive employees. Short-term incentives are meant to encourage and reward the achievement of annual objectives;
- Long-term incentives should encourage the alignment of the President and CEO's and executives' interest with the Company's long-term performance against its strategic goals;
- Perquisites provided to executives will be modest in kind and nature; and
- Retirement benefits offered reflect base salary and years of service, without consideration for variable compensation paid.

The following describes the different compensation components, which together provide compensation packages that meet the objectives of the company's compensation philosophy:

1. Base Salary - market-competitive fixed rate of pay to attract and retain executives with experience, competencies and skills required to achieve strategic and organizational goals.
2. Short-term Incentive Plan (STIP) - annual cash award established as a percentage of base salary or eligible earnings and paid based on achievement of short-term targets. The plan motivates executives to achieve superior short-term organizational and individual performance through corporate, business unit and individual goals.
3. Long-term Incentive Plan (LTIP) - annual cash award established as a percentage of base salary or eligible earnings and paid based on our success in achieving long-term targets. The plan incorporates financial and market performance, as well as a more holistic assessment of the health of the organization through employee and member engagement.
4. Pension Plan - the pension plan is designed to provide the NEOs with competitive benefits and a retirement income, in order to attract and retain executives with the experience, competencies and skills required to achieve strategic and organizational goals.

ORGANIZATION CULTURE AND BENCHMARKING

The Co-operators is an organization that takes a conservative approach to pay. We provide financial security to our employees through our compensation programs and pension plans as well as protection for their health and well-being through our group benefits plans. Pay is one component of the employee value proposition. Our approach for all positions is to benchmark against insurance companies for core insurance roles including management and support roles and to benchmark against all industries for non-core insurance roles.

BASE SALARY

The Company has adopted a traditional pay-for-performance system, adjusting salaries over time in accordance with changes to its salary ranges and with individual performance. For executives other than the President and CEO, salary ranges are designed such that a successful performer meets the market-median with high performers having an opportunity to exceed the market median depending on their level of performance. In the case of the President and CEO, base salary is viewed as a component of the total compensation package as discussed in the *Compensation Philosophy* section above. When determining base salaries, the goal is to keep the Company from underpaying and risk losing talent to competitors and from overpaying. An individual’s actual position in the salary range is based on the individual’s levels of contribution and performance. Salary increases are linked to our performance management system and measurable outcomes of individual and organizational contribution and performance. Movement within a salary range is the result of an assessment of contributions, performance, skills, competencies and potential. These assessments will normally take place once a year.

BENCHMARKING

Multiple surveys are completed on a regular basis and analyzed for base salary and incentive-pay purposes. The data to benchmark against are available, stable and comparable to our industry. Comparator organizations for benchmarking include insurance and financial services industry participants with operations in Canada that are reasonably similar in size, in terms of revenue. In addition, for the President and CEO, the comparator group includes large Canadian co-operatives. We review our benchmark positions from time to time to ensure we maintain our competitive position in the market.

Regular participants of surveys that we participate in within the insurance, financial services and co-operative industries for the President and CEO and NEOs are:

Aviva Canada, Inc.	Industrial Alliance Financial Group
Banque Laurentienne	Insurance Corporation of British Columbia
Coast Capital Savings Credit Union	Intact Financial Corporation
Concentra Financial	La Coopérative Federée
Desjardins Financial Security	Manulife Financial (Canadian Operation)
Desjardins General Insurance Group	Munich Reinsurance Group
Economical Insurance Group	National Bank of Canada
Empire Life	RBC Life
Equitable Life of Canada	RSA Canada
Fairfax Financial Holdings (Northbridge Insurance)	Servus Credit Union
Federated Co-operatives Ltd.	TD Insurance
Foresters Financial	Vancouver City Savings Credit Union
Great West Life Insurance Company	Wawanesa
HSBC Bank Canada	

COMPENSATION GOVERNANCE

The Risk and Compensation Committee acts on behalf of the board for compensation matters. For a list of the independent Risk and Compensation Committee members refer to *Corporate Governance* section. A report is presented annually to the board by the Chief Human Resources Officer that includes information on compensation, staffing complement, benefits, employee training, expenses related to compensation and long-term costs of benefits related to staffing.

SUMMARY COMPENSATION

Name and principal position	Year	Salary[1]	Non-equity incentive plan compensation[2] Annual incentive plans	Long-term incentive plans	Pension value	Other[3]	Total[4]
		$	$	$	$	$	$
Robert Wesseling President and Chief Executive Officer[5]	2018	551,820	108,204	475,821	91,422	-	1,227,267
	2017	541,000	283,065	477,005	22,672	-	1,323,742
	2016	388,223	174,747	210,967	946,450	-	1,720,387
Karen Higgins Executive Vice-President, Finance and Chief Financial Officer[6]	2018	269,939	25,853	81,798	195,022	-	572,612
	2017	241,654	113,831	58,105	64,772	-	478,362
	2016	232,207	87,618	51,515	39,750	-	411,090
Bruce West Executive Vice-President, Finance and Chief Financial Officer[6]	2018	194,203	22,257	81,431	55,922	-	353,813
	2017	415,425	210,909	233,073	102,072	-	961,479
	2016	405,846	219,870	210,086	98,350	-	934,152
Kevin Daniel Executive Vice-President and Chief Client Officer[7]	2018	391,292	41,744	157,454	86,100	-	676,590
	2017	380,393	238,855	213,418	64,530	-	897,196
	2016	371,623	244,970	192,371	48,210	-	857,174
Rick McCombie Executive Vice-President and Chief Client Officer[7]	2018	384,407	42,278	154,683	53,300	-	634,668
	2017	376,092	180,868	211,005	68,530	-	836,495
	2016	363,825	170,456	188,334	64,110	-	786,725
Carol Poulsen Executive Vice-President and Chief Information Officer	2018	394,849	42,371	155,022	94,422	-	686,664
	2017	379,061	192,447	212,671	93,872	-	878,051
	2016	381,072	195,680	197,262	84,050	-	858,064

[1] Salary represents the amount paid in the year.

[2] Incentive plan compensation represents amounts earned in the year and paid in a subsequent year.

[3] The aggregate amount for other compensation in the year is less than $50,000 and 10% of total salary and bonus for all NEOs in all periods. This includes benefits and perquisites discussed below.

[4] NEOs are not compensated using either share-based or option-based awards.

[5] The President and CEO is not compensated for services as a director.

[6] Effective June 1, 2018, Bruce West retired. On June 1, 2018, Karen Higgins was appointed as Executive Vice-President Finance and CFO. Prior to this appointment, Karen Higgins held key leadership roles in CGL's life and P&C insurance operations.

[7] Effective December 21, 2018, Rick McCombie retired. On December 21, 2018, Kevin Daniel was appointed as Executive Vice-President and Chief Client Officer. Prior to this appointment, Kevin Daniel held key leadership roles in CGL's life and P&C insurance operations.

INCENTIVE PLAN AWARDS

SHORT-TERM INCENTIVE PLAN

The STIP is based on a 30% weighting for net income measures, a 30% weighting for growth measures and a 40% weighting for strategic initiatives. Strategic and other individual goals are determined annually with the President and CEO for the Executive Officers' plans, or with the Board of Directors for the President and CEO's plan.

The following summarizes the measures and the weighting for the NEOs' STIP:

Measures	Robert Wesseling	Karen Higgins Bruce West Carol Poulsen	Kevin Daniel	Rick McCombie	Karen Higgins[1]
Net Income					
CGL net income after-tax compared to annual plan	30%	30%	20%	20%	3.5%
CGIC and certain subsidiaries and affiliates net income after-tax compared to annual plan	-	-	-	10%	-
CLIC net income after-tax compared to annual plan	-	-	10%	-	7.0%
Total net income measures	30%	30%	30%	30%	10.5%
Growth					
CGL revenue growth compared to annual plan	15%	22.5%	15%	15%	2.5%
Client growth of CGIC and certain subsidiaries and affiliates compared to annual plan	15%	7.5%	15%	15%	2.5%
CLIC revenue growth compared to annual plan	-	-	-	-	5.5%
Total growth measures	30%	30%	30%	30%	11%
Strategic measures					
Strategic initiatives and other individual goals	40%	40%	40%	40%	40%
Total strategic and other goals measures	40%	40%	40%	40%	40%

[1] STIP measures based on role held until June 1, 2018.

The STIP provides a target opportunity of 55% of base salary for the President and CEO (2017 – 50%, 2016 – 50%) and 40% of eligible earnings for Executive Officers. In Karen Higgins' role up to June 1, 2018, the target opportunity STIP payout was 35%. The President and CEO can earn up to two times the target STIP (2017 – 1.6 times, 2016 – 1.6 times) and Executive Officers can earn up to two times the target STIP amount based on over performance against the objectives. Similarly, a sliding scale is used when calculating the STIP in underperforming years. All amounts are paid annually in cash subject to board approval.

The 2018 STIP payout ranges as a percentage of base salary for NEOs were as follows:

	STIP payout ranges		
Name	Minimum	Target	Maximum
Robert Wesseling	0%	55%	110%
Karen Higgins	0%	40%	80%
Karen Higgins[1]	0%	35%	70%
Bruce West	0%	40%	80%
Kevin Daniel	0%	40%	80%
Rick McCombie	0%	40%	80%
Carol Poulsen	0%	40%	80%

[1] STIP measures based on the role held until June 1, 2018.

The following table provides the STIP payout for each NEO based on 2018 results. The awards are paid in 2019 as a one-time sum:

Name	2018 STIP target[1] $	2018 STIP company financial result[2] %	2018 STIP performance (60% financial 40% non-financial)[3] %	2018 total STIP payout[4] $
Robert Wesseling	303,386	81.5	35.7	108,204
Karen Higgins	61,314	72.2	26.7	16,353
Karen Higgins[5]	40,829	54.4	23.3	9,500
Bruce West	80,946	72.2	27.5	22,257
Kevin Daniel	156,517	72.2	26.7	41,744
Rick McCombie	153,763	72.2	27.5	42,278
Carol Poulsen	154,100	72.2	27.5	42,371

[1] The President and CEO's STIP target is calculated as base salary times the target percentage. For all other NEOs, the 2018 target is calculated based on the 2018 eligible earnings times the target percentage.

[2] The Company financial result percentage is dependent on the individual's involvement with specific companies within CGL as well as the CGL's consolidated results.

[3] The 2018 STIP results were limited to 33% of the total calculated achievement due to the overall financial results of CGL.

[4] Total STIP payout is the result of the STIP target multiplied by STIP performance.

[5] STIP payout based on the role held until June 1, 2018.

Overall, 2018 is an underperforming year as results for financial performance measures were below targets.

LONG-TERM INCENTIVE PLAN

The LTIP awards are determined based on the following allocations:

Factors	Weight
1 - Retained earnings growth[1]	35%
2 - Employee engagement[2]	20%
3 - CGL member engagement[3]	15%
4 - Market share growth[4]	30%
Total financial measures	100%

[1] CGL retained earnings growth over a three year period.

[2] CGL combined employee engagement score averaged over a three year period.

[3] CGL member engagement is determined over a three year period. During periods in which one survey is completed, only one score is used. For the periods during which two surveys are completed, an average score is used.

[4] Market share growth is over a three year period for CGL's P&C Operations' direct written premium and certain CLIC product lines.

The awards paid are determined with reference to actual results compared to planned performance and are not based on subjective performance assessments.

The President and CEO's LTIP provides an opportunity at target performance of 75% (2017 - 55%, 2016 - 50%) of base salary. Other NEOs can earn LTIP payouts of up to 35% (2017 - 35%, 2016 - 35%) of eligible earnings. In Karen Higgins' role up to June 1, 2018, the LTIP payout opportunity was 15%. The President and CEO and Executive Officers can earn up to two times the target LTIP amount based on if they overperform against the objectives. All amounts are paid annually in cash, following approval by the board of directors.

The following table provides the LTIP payout for each NEO based on 2018 results. The awards are paid in 2019 as a one-time sum:

Name	2018 LTIP target[1] $	2018 LTIP performance %	2018 total LTIP payout $
Robert Wesseling	413,709	115.0	475,821
Karen Higgins	53,650		61,681
Karen Higgins[2]	17,498		20,117
Bruce West	70,828		81,431
Kevin Daniel	136,952		157,454
Rick McCombie	134,541		154,683
Carol Poulsen	134,837		155,022

[1] The President and CEO's LTIP target is calculated as base salary times the target percentage. For all other NEOs, the 2018 target is calculated based on the 2018 eligible earnings times the target percentage.

[2] LTIP payout based on the NEO role held until June 1, 2018.

Overall, 2018 is an overperforming year as all factors, except retained earnings growth, exceeded target.

BENEFITS AND PERQUISITES

The NEOs receive group health coverage such as medical, dental, group life insurance and disability income replacement coverage that is extended to all staff, as well as other benefits normally commensurate with their position such as a company vehicle.

PENSION PLAN BENEFITS

Pension plans for the NEOs comprise the defined contribution plan provided to all employees and a Supplementary Executive Retirement Plan (SERP), which is a defined benefit plan that tops-up the defined contribution plan to a calculated amount based on years of service and earnings. The top-up is equal to the difference between the retirement benefit received under the defined contribution plan and 2 per cent of the NEO’s final average earnings times credited years of service, to a maximum of 35 years. If retirement occurs after age 55 but before age 60, the amount is reduced by 5 percent for each year prior to 60. Final average earnings for an eligible person is equal to their average base salary over their highest earning 36 consecutive calendar months in their last ten years of pensionable service.

Below are the tables describing the defined benefit plan and the defined contribution plan:

DEFINED BENEFIT PLAN

Name	Number of years of credited service	Annual benefits payable: At year end	Annual benefits payable: At age 65	Opening present value of defined benefit obligation[1]	Compensatory change[2]	Non-compensatory change[3]	Closing present value of defined benefit obligation[4]
	#	$	$	$	$	$	$
Robert Wesseling	21.9	156,030	206,409	2,700,900	76,700	(177,700)	2,599,900
Karen Higgins	10.9	30,819	58,156	439,400	180,300	(18,700)	601,000
Bruce West	11.0	58,572	58,572	1,008,600	41,200	(25,900)	1,023,900
Kevin Daniel	32.2	163,949	144,448	2,347,500	59,600	(38,800)	2,368,300
Rick McCombie	39.0	137,045	134,272	2,000,000	26,800	(57,000)	1,969,800
Carol Poulsen	7.2	38,918	66,255	585,100	79,700	(9,800)	655,000

[1] The accrued obligation at the start of the year is the value of the projected pension earned for service to December 31, 2017. The values have been determined on the 2017 actual earnings adjusted to reflect expected increases in pensionable earnings using the same actuarial assumptions used for determining the pension plan obligation at December 31, 2018. See the below chart for both 2018 and 2017 assumptions.

[2] Compensatory change includes the NEO's service cost, plus plan changes as well as differences between actual and estimated earnings. It excludes contributions to the defined contribution plan.

[3] Non-compensatory change includes the impact of interest on the present value of the defined benefit obligation at the start of the year, experience gains or losses and the impact of contributions to the defined contribution plan.

[4] The present value of the defined obligation at the end of the year is the value of the projected pension earned for service to December 31, 2018. The values have been determined based on the 2018 actual earnings adjusted to reflect expected increases in pensionable earnings, using the same actuarial assumptions used for determining the pension plan obligation at December 31, 2018. See the below chart for both 2018 and 2017 assumptions.

Significant assumptions for NEOs' SERP	**2018**	2017
Accrued benefit obligation as of December 31		
Discount rate	**4.00%**	3.50%
Assumed rate of salary escalation	**3.50%**	3.50%
Mortality		
Retiring at the end of the reporting period:		
- Average life expectancy for male retiring at age 65	**23.4 - 21.8**	23.3 - 21.6
- Average life expectancy for female retiring at age 65	**26.0 - 24.4**	25.9 - 24.4
Retiring 20 years after the end of the reporting period:		
- Average life expectancy for male retiring at age 65	**24.8 - 23.2**	24.8 - 23.2
- Average life expectancy for female retiring at age 65	**27.3 - 25.8**	27.3 - 25.7

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics.

Measurement uncertainty exists in valuing the components of the SERP. Each assumption is determined by management based on current market conditions and experiential information available at the time; however, the long-term nature of the exposure and future fluctuations in the actual results makes the valuation uncertain.

DEFINED CONTRIBUTION PLAN

Name	Accumulated value at start of year $	Compensatory[1] $	Accumulated value at year end[2] $
Robert Wesseling	761,669	14,722	753,429
Karen Higgins	361,876	14,722	373,517
Bruce West	404,504	14,722	423,968
Kevin Daniel	1,041,264	26,500	1,048,126
Rick McCombie	2,122,385	26,500	2,053,474
Carol Poulsen	207,568	14,722	227,789

[1] Compensatory includes employer contributions and above-market or preferential earnings credited on employer and employee contributions. Above-market or preferential earnings applies to non-registered plans and means a rate greater than the rate ordinarily paid by the CGL or its subsidiaries on securities or other obligations having the same or similar features issued to third parties; the company does not provide NEOs with such benefits.

[2] Accumulated value at year end is determined by the sum of accumulated value at start of year, compensatory and non-compensatory amounts.

TERMINATION AND CHANGE OF CONTROL BENEFITS

CGL and the President and CEO entered into an employment contract, effective December 1, 2016.

The employment contract commits control and management of CGL and its subsidiaries to the President and CEO. The compensation of the President and CEO is described above. The employment contract also specifies a termination allowance equal to two times annual base salary, if the President and CEO is terminated without cause.

The President and CEO has the right on a change of control to treat it as a without cause termination.

There are no employment contracts or change of control provisions in place for any other NEOs.

DIRECTOR COMPENSATION

Compensation of directors is described in *Corporate Governance – Director Compensation*.

ADDITIONAL INFORMATION

Additional information about Co-operators General may be found on www.sedar.com including our 2018 Management's Discussion & Analysis and the 2018 audited annual consolidated financial statements.