



## **RISK MANAGEMENT, GOVERNANCE AND ETHICS COMMITTEE CHARTER**

### **INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. (hereinafter, "iAIFS" or the "Corporation")**

The Corporation's Risk Management, Governance and Ethics Committee (the "Committee") supports the Board of Directors (the "Board") in its responsibilities for and oversight of the Corporation's governance to ensure that it is linked to the Corporation's strategic directions, based on a systems approach and an ethical, transparent and accountable corporate culture that is consistent with the purpose, values and long-term interests of the Corporation and its stakeholders. It also supports the Board in matters of ethics and integrated risk management.

### **COMPOSITION AND QUORUM**

---

The Committee shall be constituted in accordance with the Corporation's by-laws, the *Insurers Act*, LRQ, chapter A-32.1 (the "Act") and Decision No. 2015-SOLV-0065 issued by the Autorité des marchés financiers with respect to the authorization regarding the formation of ethics committees (the "Decision"), as they may be amended from time to time.

The Committee shall consist of at least three members appointed by the Board from among the directors of the Corporation. The composition of the Committee shall meet the following criteria:

- a majority of the members of the Committee shall not be shareholders holding 10% or more of the voting rights attached to the shares issued by the Corporation or by a legal person affiliated with the Corporation or 10% or more of such shares;
- notwithstanding the provisions of the Act and in accordance with the Decision, a majority of the members of the Committee may be members of different committees of the Board, without, however, such majority serving simultaneously on the same other committee of the Board, and may be composed of a majority of directors of legal entities affiliated with the Corporation.

In addition, all members of the Committee shall be independent as defined by the Canadian Securities Administrators in National Instrument 52-110 and under the Corporation's *Board Independence Policy*.

A majority of the members in office shall constitute a quorum at meetings of the Committee.

## **ROLES AND RESPONSIBILITIES**

---

The Committee shall have the following responsibilities:

### **1. Governance**

#### **1.1. Governance Framework and Policies**

- Periodically review and recommend to the Board the guiding principles, framework and policies for corporate governance in light of the Corporation's strategic directions.
- Advise the Board on matters relating to communications, public affairs and corporate image with respect to the disclosure of corporate governance practices and policies.

#### **1.2. Composition and renewal of the Board**

- In collaboration with the Board Chair, review and recommend to the Board the skills, expertise, experience and attributes required to ensure the ongoing renewal of the Board's skills.
- In consultation with the Board Chair, recommend to the Board candidates for appointment as Directors and as members or chairs of Board committees, taking into account the skills, expertise, experience, probity and abilities sought.
- Analyze and make recommendations to the Board regarding the number of directors, the composition of the Board and the appointment of the Chairmen of the Board and its committees, taking into account the collective competence and expertise of its members, the needs of the Board, the Corporation and best practices in this area.
- In consultation with the Chairman of the Board, consider and make recommendations to the Board regarding the acceptance or rejection of any resignation of a Director who has not received a majority of the votes cast on his or her election in accordance with the *Policy Regarding the Majority Election of Directors*.
- Analyze, in collaboration with the Chairman of the Board, any resignation of a director during his/her term.
- Develop and maintain a Board renewal plan in accordance with the *Board of Directors Composition and Renewal Policy*.

#### **1.3. Evaluation of the Effectiveness of the Board, its Committees and their Members**

- Establish and periodically review the process for assessing the efficiency and contribution of the Board, Board committees and individual Directors,

including the Chair of the Board and its committees, and ensure that such assessment is conducted at least every two years.

- Periodically evaluate the application and effectiveness of the *Board Diversity Policy within the Board of Directors*.
- Receive an annual report on the evaluation of the probity and competence criteria of the members of the Board in accordance with the *Integrity and Competency Criteria Assessment Policy*.
- Periodically assess the quality and efficiency of the Board's relationship with the Corporation's management, while maintaining the Board's independence from management.
- Establish and periodically review position descriptions for the Board Chair and the Chair of each Board committee.

#### **1.4. Training of Directors**

- Recommend to the Board an orientation and continuing education process for directors.

#### **1.5. Remuneration of Directors**

- Periodically review and make recommendations to the Board on the Corporation's approach to compensation of Directors, Committee members and Chairs and the Board Chair.

### **2. Rules of ethics**

The Committee shall adopt and periodically review rules of conduct with respect to the conduct of directors and officers, the conduct of the Corporation with individuals or groups that are restricted parties to the Corporation within the meaning of the Act ("Restricted Parties") and with respect to the terms and conditions of contracts with Restricted Parties (hereinafter referred to as the "Rules") and ensure compliance therewith. The Committee shall promptly notify the Board in writing of any breach of the Rules.

#### **2.1. Conduct of Directors, Officers and Employees**

- Periodically review the *iA Financial Group Code of Business Conduct* and oversee its application.
- Receive periodic reports on compliance with the *iA Financial Group Code of Business Conduct* and conflicts of interest.
- Periodically receive a report of alerts received through the Integrity Hotline, or any other source, of inappropriate conduct by Corporation employees, except for alerts of fraud, which are reported to the Audit Committee.

## **2.2. Contracts with Restricted Parties**

- In this regard, the Committee shall:
- Receive an annual report on contracts between Restricted Parties and their compliance with the Rules and, if applicable, on credit extended to Restricted Parties.
- Review and, where appropriate, recommend to the Board for approval contracts for the acquisition of securities, transfers of assets and service contracts between the Corporation and Restricted Parties.

## **2.3. Report to the Autorité des marchés financiers**

- The Committee submits an annual report of its activities to the Autorité des marchés financiers (the "AMF") in accordance with AMF requirements.

# **3. Integrated Risk Management**

## **3.1. Monitoring the Risk Management Framework**

- Oversee the implementation and recommend to the Board the approval of the integrated risk management framework and related policies.
- Oversee the integrated risk management framework and the mechanisms and processes to identify, assess, communicate, manage, mitigate and monitor the Corporation's exposure to key risks and receive periodic reporting from the Chief Risk Officer on the steps taken to monitor and control such exposure.
- Review and recommend to the Board annually, or more frequently if necessary, the Corporation's risk appetite and risk tolerance statements and take reasonable steps to ensure that they are adequately met.
- Review annually, or more frequently if necessary, the Own Risk and Solvency Assessment ("ORSA" or "EIRS") including the results of stress testing and report to the Board.
- Review and recommend to the Board the approval of the internal target ratio and the target operating level of the solvency ratio.
- Receive periodic reports on significant and emerging risks and on developments in the business that may affect the Corporation's risk profile.

### **3.2. Monitoring of supervisory functions<sup>1</sup>**

- Periodically review and adopt the Corporation's *Risk Management Function Charter* specifying, among other things, the role, mission, authority, status and responsibilities of the risk management function.
- Ensure that oversight functions have sufficient authority, appropriate reporting lines, independence from operations management, adequate resources, and free access to the Board.
- Review annually the performance evaluation of the heads of supervisory functions and receive from each of them a certification of their independence.

### **3.3. Monitoring of specific programs**

- Ensure that information and communications technology ("ICT"), business continuity and privacy risks are part of the integrated risk management framework, monitor the implementation and effectiveness of related programs, approve and periodically review related policies, and receive periodic reporting from the functions responsible for their oversight.
- Obtain annually, or more frequently if needed, an overall view of the oversight by the various Board committees of the principal risks.

## **4. Other responsibilities**

- Periodically review and approve the Corporation's overall corporate insurance portfolio and the Corporation's directors' and officers' liability insurance coverage.
- Validate that there is coordination between the supervisory functions of the 2<sup>nd</sup> line of defense, internal audit and external audit.
- Retain, when it deems appropriate, the services of independent advisors to support it in the performance of its duties, subject to informing the Chairman of the Board. Such notice shall be accompanied by a description of the mandate to be given to the expert.

---

<sup>1</sup> For the purposes of this section, the following are excluded from the supervisory functions: the Chief Actuary and Chief Financial Officer, the head of internal audit and the external auditor, who are under the supervision of the Audit Committee.

- Carry out such other responsibilities as may be assigned from time to time by the Board.

## **MODE OF OPERATION**

---

**Frequency:** The Committee shall hold at least four regularly scheduled meetings per year and may meet at special meetings as required. The Chair of the Committee, the Chair of the Board or the President and Chief Executive Officer of the Corporation may call a meeting at any time.

**Chair:** The Board shall appoint the Chair of the Committee. In the absence of the Chair, the members of the Committee shall elect a Chair from among themselves.

**Secretary:** The Secretary of the Corporation or, in his or her absence, the Assistant Secretary of the Corporation or such other person as the members of the Committee may designate, shall act as Secretary of the Committee.

**Agenda:** The Chair of the Committee shall establish the agenda for each Committee meeting in consultation with the President and Chief Executive Officer, the Chief Risk Officer and the Corporate Secretary. The agenda and relevant materials shall be distributed to Committee members in a timely manner prior to Committee meetings.

**Reporting:** The Chair of the Committee shall report regularly to the Board on the Committee's deliberations, findings and recommendations.

**Communication:** The Committee shall have direct lines of communication at all times with all supervisory functions of the Corporation and vice versa.

**In camera:** The Committee shall meet in camera after each regularly scheduled meeting. The Committee shall also meet separately and in camera with management and supervisory functions under its oversight at least once a year.

**Charter review:** The Committee shall periodically review its terms of reference and report to the Board on any changes that may be required.