

MEETING TO BE HELD MAY 19, 2022

definity.

2022

NOTICE OF ANNUAL  
MEETING OF SHAREHOLDERS  
AND MANAGEMENT  
INFORMATION CIRCULAR



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Dear fellow shareholders,

On behalf of the Board of Directors and executive leadership team of Definity Financial Corporation (the “Company”), we are pleased to invite you to join us at the 2022 Annual Meeting of Shareholders (“Meeting”) of the Company that will take place on May 19, 2022 at 10:00 a.m. (Eastern time).

We will hold the Meeting in a virtual-only format, which will be conducted via live audio webcast. You may access the webcast at <https://meetnow.global/M75MTLX>. Detailed information on how to participate in the Meeting is included in the Management Information Circular (the “Circular”).

At the Meeting, you will have the opportunity to obtain information on the Company, ask questions, and be called upon to vote on matters described in the Circular.

Even if you are planning to attend the Meeting, you should consider voting by proxy in advance to ensure your vote is counted if you later decide not to attend the Meeting or in the event that you are unable to attend the Meeting for any reason. Instructions for voting by proxy in advance are described in the Circular.

Information concerning the consolidated financial statements of the Company for the year ended December 31, 2021 is presented in the 2021 Annual Report, which is available on our website ([www.definityfinancial.com/annualmeetingmaterials](http://www.definityfinancial.com/annualmeetingmaterials)) and on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

As valued shareholders, we appreciate and welcome your participation in the Meeting.

Sincerely,

**JOHN BOWEY**

Chair of the Board of Directors

**ROWAN SAUNDERS**

President and Chief Executive Officer

March 30, 2022



# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

You are invited to our annual meeting of shareholders (the “Meeting”) of Definity Financial Corporation (the “Company”):

Date and Time: May 19, 2022 at 10:00 a.m. (Eastern time)

Place: Virtual-only meeting via live audio webcast at <https://meetnow.global/M75MTLX>

## Business of the Meeting:

1. To receive the consolidated financial statements of the Company for the year ended December 31, 2021, together with the auditor’s report on those statements, and the actuary’s report on the policy liabilities in those statements;
2. To appoint the external auditor;
3. To elect directors;
4. To approve the non-binding advisory resolution to accept the approach to executive compensation disclosed in the Management Information Circular (the “Circular”); and
5. To transact such other business as may properly be brought before the Meeting and any adjournments or postponements thereof.

Holders of common shares of the Company (“Common Shares”) of record at 5:00 p.m. (Eastern time) on April 4, 2022 (the “Record Date”) are entitled to receive the Notice of the Meeting and will be entitled to vote at the Meeting. On that date, 115,892,700 Common Shares were issued and outstanding. Each holder of Common Shares is entitled to cast one vote per Common Share held.

The Meeting will be held in a virtual-only format, which will be conducted via live audio webcast. Detailed information on how to participate in the Meeting is included in the Circular. The Circular and other meeting materials can be accessed at the Company’s website ([www.definityfinancial.com/annualmeetingmaterials](http://www.definityfinancial.com/annualmeetingmaterials)) or on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) will be able to attend the Meeting, submit questions and vote at the Meeting, provided they are connected to the internet and follow the instructions in the Circular. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but will not be able to submit questions or vote at the Meeting.

Shareholders who wish to appoint someone other than the management nominees identified in the form of proxy or voting instruction form (“VIF”) as proxyholder (including a non-registered shareholder who wishes to appoint themselves as proxyholder to attend the Meeting) must carefully follow the instructions in the Circular and on their form of proxy or VIF. These instructions include an additional step of registering such proxyholder with our transfer agent, Computershare Trust Company of Canada (“Computershare”), after submitting the form of proxy or VIF. If you wish to appoint someone other than the management nominees identified on the form of proxy or VIF to attend and participate at the Meeting as your proxy and vote your Common Shares, you MUST register such proxyholder after having submitted your form of proxy or VIF identifying such proxyholder. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving access to participate in the Meeting and only being able to attend as a guest.

Even if you are planning to attend the Meeting, we encourage shareholders to submit their proxy and vote prior to the Meeting. Proxies must be submitted by no later than 10:00 a.m. (Eastern time) on May 17, 2022 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays and holidays) before the new date and time set for the Meeting. If you are a non-registered shareholder, please complete and return the VIF provided to you by your broker or other intermediary in accordance with the instructions provided.

By order of the Board of Directors,

**MICHAEL PADFIELD**

General Counsel & Corporate Secretary  
March 30, 2022

# MANAGEMENT INFORMATION CIRCULAR

## GENERAL INFORMATION

Unless the context otherwise requires, the terms “Definity”, “Company”, “we”, “our”, “ours”, “us” or similar terms refer, in respect of all times prior to completion of the demutualization (the “Demutualization”) of Definity Insurance Company (formerly known as Economical Mutual Insurance Company) (“Definity Insurance”), to Definity Insurance and its consolidated subsidiaries, including Definity Financial Corporation, and, in respect of all times upon or after the completion of the Demutualization, to Definity Financial Corporation and its consolidated subsidiaries, including Definity Insurance. All dollar amounts in this Circular are in Canadian dollars. Certain totals, subtotals, and percentages may not reconcile due to rounding. The information contained in this Circular is given as of March 30, 2022, except where otherwise noted. All references in this Circular to websites are for information only and information contained on such websites do not form a part of this document.

This Circular may contain forward-looking statements, as indicated by words such as “believe”, “anticipate”, “intend”, “estimate”, “expect”, “may”, “project”, “will”, “would”, and similar expressions. Those statements are based on our current expectations and are naturally subject to uncertainty and changes in circumstances that may cause actual results or events to differ materially from those expressed or implied by such forward-looking statements. Factors that may cause such differences include but are not limited to economic, business, technological, competitive, governmental, legislative, regulatory, and public health factors, including the occurrence of and response to public health crises including the coronavirus (COVID-19) pandemic and ensuing events. We do not undertake and have no intention to update or alter any of our forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

We use both International Financial Reporting Standards (“IFRS”) and non-IFRS financial measures to assess our performance. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. For additional information on the non-IFRS measures included in the Circular, please refer to “12 – Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” of the Company’s management’s discussion and analysis (“MD&A”) for the year ended December 31, 2021, which is included in our Annual Report for year ended December 31, 2021, together with the consolidated financial statements of the Company for the year ended December 31, 2021, the auditor’s report on those statements and the actuary’s report on the policy liabilities in those statements (collectively, the “2021 Annual Report”) and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## NOTICE AND ACCESS

As permitted by the Canadian Securities Administrators and pursuant to an exemption from the proxy solicitation requirement received from the Office of the Superintendent of Financial Institutions (Canada) (“OSFI”), we are using the notice and access rules to deliver the Circular to our registered and non-registered (beneficial) shareholders (“Notice and Access”). We are also using Notice and Access to deliver our 2021 Annual Report to our non-registered shareholders. Notice and Access allows the Company to post the Circular and other relevant materials online instead of mailing them out to each shareholder, saving printing and mailing costs and allowing us all to lessen our impact on the environment by reducing the Company’s paper consumption and associated waste.

Under Notice and Access, shareholders will receive a notice, along with the proxy or VIF, giving instructions on how to access the Circular and other relevant materials (including the 2021 Annual Report) online, and how to request a paper copy of the Circular free of charge.

In accordance with Notice and Access, the Circular and the 2021 Annual Report are available online on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company’s website ([www.definityfinancial.com/annualmeetingmaterials](http://www.definityfinancial.com/annualmeetingmaterials)).

You may request a paper copy of the Circular or 2021 Annual Report up to one year from the date the Circular was filed on SEDAR as follows:

Before the Meeting:		After the Meeting:
Registered shareholders	Request materials by calling Computershare toll free, within North America, at 1-866-962-0498, or direct, from outside of North America, at (514) 982-8716, and entering your control number as indicated on your proxy.	Contact Definity Financial Corporation, 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4, or call toll free, within North America, at 1-866-902-4724.
Non-registered shareholders	Request materials by calling Broadridge Investor Communications Solutions toll free, within North America, at 1-877-907-7643, or direct, from outside of North America, at (905) 507-5450, and entering your control number as indicated on your VIF.	

To receive the meeting materials prior to the voting deadline and the date of the Meeting, Computershare must be contacted by no later than 5 p.m. (Eastern time) on May 5, 2022. A copy of the requested documents will be sent to you at no cost. If you request a paper copy of any materials, you will not receive a new form of proxy or VIF, so you should keep the original form sent to you in order to vote.

## **ACCESS TO THE MEETING**

The Meeting will be held in a virtual-only format via live audio webcast. You will not be able to attend the Meeting in person. You will be able to attend the Meeting by accessing the webcast at <https://meetnow.global/M75MTLX>. For information on how to vote your Common Shares, see "Voting Information".

## **VOTING INFORMATION**

### **SOLICITATION OF PROXIES**

This Circular and the accompanying form of proxy or VIF are provided in connection with the solicitation of proxies by the management of Definity ("Management") to be used at the Meeting for the purposes indicated in the Notice of the Meeting, to be held on May 19, 2022 at 10:00 a.m. (Eastern time) via live audio webcast, and at any adjournment or postponement thereof.

### **WHO IS SOLICITING THE PROXIES?**

Employees, officers, directors, and agents of Definity will solicit proxies on behalf of Management. The solicitation of proxies may be done by mail, telephone, fax, or e-mail; in person; or through one or more combinations of those methods. The costs of solicitation will be borne by the Company.

### **WHO HAS THE RIGHT TO VOTE?**

If you hold Common Shares as at the close of business (5:00 p.m., Eastern time) on April 4, 2022 (the Record Date established for receiving the Notice of the Meeting and for voting in respect of the Meeting), you can cast one vote for each Common Share you hold on all matters proposed to come before the Meeting. As at the Record Date, 115,892,700 Common Shares were issued and outstanding. All the matters proposed before the Meeting require approval by a majority of votes cast by shareholders at the Meeting. At least two persons holding, or representing by proxy, at least 25% of the Common Shares entitled to vote constitute a quorum for the transaction of business at the Meeting.

Common Shares cannot be voted if they are beneficially owned by the Government of Canada, any province or territory of Canada, the government of a foreign country, or any political subdivision or agency of any of those entities.

### **AM I A REGISTERED OR BENEFICIAL SHAREHOLDER?**

You are a registered shareholder if your name appears on your share certificate or if you hold your Common Shares through the Direct Registration System. In either case, your name will be shown on the list of shareholders maintained by Computershare. You are a non-registered (beneficial) shareholder if a bank, trust company, securities broker, clearing agency, other financial institution or other intermediary (your "Nominee") holds your Common Shares on your behalf.

### **HOW CAN I VOTE?**

You have two options to exercise your right to vote:

#### **Option 1 — Voting by Proxy**

Voting by proxy means giving someone else (the "proxyholder") the authority to attend the Meeting and vote for you in accordance with your instructions or as they see fit if you do not specify how you want to vote your Common Shares.

If there are any amendments to the items of business or any other matters that properly come before the Meeting (including where the Meeting will be reconvened if it is adjourned), your proxyholder has the discretion to vote as they see fit, in each instance, to the extent permitted by law whether the amendment or other matter of business that comes before the Meeting is routine or contested.

Late proxies may be accepted or rejected by the Chair of the Meeting at their discretion and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy. The Chair of the Meeting may waive or extend the proxy cut-off without notice.

Shareholders are encouraged to vote in advance of the Meeting as described below. Even if you are planning to attend the Meeting, you should consider voting your Common Shares by proxy in advance to ensure your vote is counted if you later decide not to attend the Meeting or in the event that you are unable to attend the Meeting for any reason.

### *Registered shareholders*

Your package includes a proxy form. You may vote by proxy in the following manner:



Online: Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions. You will need your 15-digit control number located on your proxy form;



By Mail: Complete, sign and return the proxy form by mail in the envelope provided; or



By Telephone: Call Computershare toll free at 1-866-732-8683. You will need your 15-digit control number located on your proxy form.

Proxies must be submitted by no later than 10:00 a.m. (Eastern time) on May 17, 2022 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays and holidays) before the new date and time set for the Meeting.

### *Non-registered shareholders*

If you are a non-registered shareholder, the Company will not have any record of your ownership and the only way that you can vote your Common Shares is by instructing your Nominee. Your Nominee can only vote your Common Shares if they have received proper voting instructions from you. If you are a non-registered shareholder, your package includes a VIF. Complete the VIF and follow the return instructions on the form. The VIF is similar to a proxy form; however, it can only instruct your Nominee how to vote your Common Shares. You cannot use the VIF to vote your Common Shares directly.

Your Nominee is required to receive voting instructions from you before voting your Common Shares. Every Nominee has their own mailing procedures and instructions for returning the completed VIF, so be sure to follow the instructions provided on the VIF to ensure that your Common Shares are voted at the Meeting.

## **Option 2 – Voting at the Meeting**

To participate in the Meeting, you will need to log in following the instructions below. You should allow at least 15 minutes before the beginning of the Meeting to check in to the Meeting and complete the check-in procedures.

As described below, registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) that attend the Meeting will be able to vote by completing a ballot online during the Meeting. Guests (including registered shareholders who do not have a 15-digit control number, and non-registered shareholders who do not have an invite code provided by Computershare, as described below) will only be able to listen to the Meeting, and will not be able to vote or submit questions.

You will need to be connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting.

### *Registered shareholders*

If you want to attend and vote at the Meeting, you do not need to complete or return your proxy form. At least 15 minutes before the beginning of the Meeting, login online at <https://meetnow.global/M75MTLX>, click on Shareholder, and enter the 15-digit control number that appears on your form of proxy. Any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish revoke a previously submitted proxy, you should not vote during the Meeting or you should enter the Meeting as a guest.

### *Non-registered shareholders*

Non-registered shareholders MUST follow the instructions below in order to be able to attend, ask questions or vote at the Meeting. Otherwise, you will only be able to attend as a guest.

1. You must appoint yourself as proxyholder by printing your name in the space provided on the VIF and following the instructions provided to submit the VIF.
2. After submitting your VIF, you must also register with Computershare at <http://www.computershare.com/definity> by no later than 10:00 a.m. (Eastern time) on May 17, 2022 in order to receive an invite code specifically for voting at the Meeting. Registering yourself is an additional step for a non-registered shareholder once you have submitted your VIF. Failure to register yourself will result in you not receiving an invite code to participate in the Meeting.
3. At least 15 minutes before the beginning of the Meeting, login online at <https://meetnow.global/M75MTLX>, click on Invitation and enter your invite code as provided by Computershare (see step 2 above).

If you are a non-registered shareholder in the United States, to attend, ask questions or vote at the Meeting, you must first obtain a valid legal proxy form from your broker, bank or other agent and then register in advance to attend the Meeting. To register, you must submit a copy of your legal proxy to Computershare by e-mail at [USLegalProxy@computershare.com](mailto:USLegalProxy@computershare.com) or by mail at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, and in both cases, requests for registration must be labelled as “Legal Proxy” and be received no later than 10:00 a.m. (Eastern time) on May 17, 2022. You will receive a confirmation of your registration by e-mail. Please note that you are also required to register your appointment at <http://www.computershare.com/definity>.

#### **HOW DO I APPOINT SOMEONE ELSE TO ATTEND THE MEETING AND VOTE AT THE MEETING?**

The proxyholders designated in the form of proxy and VIF are directors and/or officers of the Company. **You have the right to appoint a person or company to represent you at the Meeting other than the persons designated in the form of proxy or VIF.** If you wish to appoint a proxyholder other than one of the persons designated in the form of proxy or VIF, you can do so whether you are a registered shareholder or a non-registered shareholder, as follows:

1. You must indicate the name of your proxyholder in the blank space provided in the proxy form or VIF and follow the instructions for submitting such proxy form or VIF; and
2. After submitting your proxy form or VIF, you **MUST** also register your proxyholder with Computershare at <http://www.computershare.com/definity> by no later than 10:00 a.m. (Eastern time) on May 17, 2022, so that Computershare may provide the proxyholder with an invite code via e-mail. Registering your proxyholder is an additional step once you have submitted your proxy form or VIF. Failure to register the proxyholder will result in the proxyholder not receiving an invite code to participate in the Meeting.

The person you appoint does not need to be a shareholder but must attend the Meeting to vote your Common Shares. If the shareholder is a corporation, an estate or trust, the form of proxy or VIF must be executed by a duly authorized officer or a representative thereof. You may enter your voting instructions by following the instructions indicated on the front and back of the form of proxy or VIF.

#### **HOW CAN I ASK QUESTIONS DURING THE MEETING?**

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) that attend the Meeting will be provided with an opportunity to submit questions through the web portal during the Meeting. The Chair of the Board and other members of Management present at the Meeting will answer questions relating to matters to be voted on during the formal portion of the Meeting, if applicable. General questions will be addressed by them following the close of the Meeting after the formal business has been concluded.

Out of consideration for others, registered shareholders and duly appointed proxyholders are asked to be brief and concise and to address only one topic per question. Questions that are substantially the same will be addressed together as one question.

Shareholder questions are welcome. However, the Company does not intend to address questions that:

- are irrelevant to the Company’s operations or to the business of the Meeting;
- are related to non-public information about the Company;
- are repetitions of questions made by other persons;
- include derogatory references;
- an individual concern that is not a matter of interest to shareholders generally, including personal grievances or disputes with the Company;
- proposals that were not previously submitted properly in accordance with the company’s by-laws or the ICA; or
- are out of order or not otherwise appropriate as determined by the Chair or Secretary of the Meeting in their reasonable judgment.

For any questions asked but not answered during the Meeting, shareholders may contact the Company as described under “Other Information – Shareholder Engagement”.

In the event of technical malfunction or other problem that disrupts the Meeting, the Chair may adjourn, recess, or expedite the Meeting, or take such other action as the Chair determines is appropriate in light of the circumstances. If registered shareholders or duly appointed proxyholders have difficulties during the registration process or while accessing and attending the Meeting, please contact Computershare toll free at 1-888-724-2416 or at 1-781-575-2748.

## HOW YOUR PROXY WILL BE VOTED

Common Shares represented by a proxy form or VIF are to be voted for, against or withheld from voting by the proxyholder designated in the proxy form or VIF as you instruct. If no instructions are given, the voting rights will be exercised by any designated proxyholder who is a director and/or officer of the Company by voting as follows:

- **FOR** the appointment of the external auditor;
- **FOR** the election of each proposed director nominated by Management; and
- **FOR** the approval of the non-binding advisory resolution of the shareholders to accept the approach to executive compensation disclosed in the Circular.

The proxy form or VIF confers on the designated proxyholder discretionary authority with respect to any proposed amendments or variations to the matters set out therein and any other business which may properly come before the Meeting. As of the date of the Circular, Management is not aware of any amendment or other matter which may properly come before the Meeting.

## HOW DO I REVOKE MY PROXY?

Registered shareholders can revoke a proxy:

- in advance of the Meeting, (i) by voting again online (before 10:00 a.m. (Eastern time) on May 17, 2022), or (ii) by delivering a written notice to that effect signed by them or their duly authorized representative(s) to the head office of Definity at 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4, Attention: Corporate Secretary, in each case no later than 5:00 p.m. (Eastern time) on May 18, 2022, or if the Meeting is adjourned, by 5:00 p.m. (Eastern time) one business day before any continuation thereof after an adjournment;
- on the day of the Meeting, (i) by delivering a written notice to that effect signed by them or their duly authorized representative(s) to the Chair of the Meeting (including a continuation thereof after an adjournment), or (ii) if you have followed the process for attending and voting at the Meeting (see above), by voting at the Meeting; or
- in any other manner permitted by law.

If the shareholder is a corporation, an estate or trust, the form of proxy or notice, as applicable, must be executed by an officer or a representative thereof duly authorized in writing by a resolution, a certified copy of which must be attached to the notice.

Non-registered shareholders should contact their Nominee for instructions on how to revoke previously-given voting instructions. A Nominee may not be able to revoke voting instructions if it receives insufficient notice of revocation.

## WHO IS PROCESSING THE VOTES?

Computershare counts and tabulates the votes on our behalf. We will file the voting results on SEDAR ([www.sedar.com](http://www.sedar.com)) following the Meeting.

## OTHER INFORMATION

The Meeting date may be postponed by resolution of the board of directors of Definity (the "Board") until a later date and time. If that happens, notice of the changed date and time will be provided as required by law. All proxies properly submitted for the Meeting will continue to be valid for the postponed Meeting unless they are otherwise properly revoked. The deposit date for proxies to be voted at the postponed Meeting will be extended in the manner provided in the notice of the postponed Meeting.

The Company has an authorized share capital consisting of an unlimited number of Common Shares and an unlimited number of preferred shares. To the best of our knowledge, other than Healthcare of Ontario Pension Plan Trust Fund ("HOOPP"), no other person or company beneficially owns or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to our Common Shares. As of the date of the Circular, HOOPP owns 23,062,646 Common Shares, representing 19.9% of the issued and outstanding Common Shares.

## BUSINESS OF THE MEETING

### ITEM 1 — FINANCIAL STATEMENTS

A copy of the consolidated financial statements of Definity for the year ended December 31, 2021, together with the auditor's report thereon and the actuary's report on the policy liabilities in those statements, is included in our 2021 Annual Report. In accordance with Notice and Access, the Circular and the 2021 Annual Report are available online on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.definityfinancial.com/annualmeetingmaterials](http://www.definityfinancial.com/annualmeetingmaterials)). See "General Information – Notice and Access". No vote is required at the Meeting in respect of our financial statements or the professional reports on those statements.

**ITEM 2 — APPOINTMENT OF EXTERNAL AUDITOR****Appointment**

Ernst & Young LLP has served as external auditor of Definity Financial Corporation since its incorporation on June 30, 2021 and served as the external auditor of certain of our subsidiaries (including Definity Insurance) for more than 10 years. On the recommendation of the Audit Committee, the Board recommends the re-appointment of Ernst & Young LLP as the Company's external auditor. **If no instructions are given, any designated proxyholder who is a director and/or an officer of the Company will vote FOR the re-appointment of Ernst & Young LLP as our external auditor, to hold office until the next annual meeting of shareholders.**

**Pre-Approval Policy for Non-Audit Services**

Our Audit Committee has adopted a policy regarding the engagement of audit and non-audit services (the "Pre-Approval Policy") for the purpose of identifying, mitigating or eliminating potential threats to the independence of the external auditor. The Pre-Approval Policy is reviewed and approved by the Audit Committee triennially or when substantive changes are recommended by Management.

The Pre-Approval Policy prohibits the Company or any of its subsidiary entities from engaging the external auditor to provide certain specified non-audit services. Pursuant to the Pre-Approval Policy, all non-audit services that are not specifically prohibited may be provided to the Company or any of its subsidiary entities by the external auditor if such services have been pre-approved by the Audit Committee.

**External Auditor's Fees**

The Company has incurred fees by Ernst & Young LLP and its affiliates, as detailed below.

	Year ended December 31, 2021	Year ended December 31, 2020
Audit fees <sup>(1)</sup>	\$ 1,063,769	\$ 1,039,000
Audit-related fees <sup>(2)</sup>	\$ 30,575	\$ 16,200
Tax fees <sup>(3)</sup>	\$ 640,359	\$ 283,298
All other fees <sup>(4)</sup>	\$ 757,678	\$ -
<b>Total</b>	<b>\$2,492,381</b>	<b>\$1,338,498</b>

Notes:

<sup>(1)</sup> Fees for professional services for the audit and review of the financial statements of the company and those of its subsidiaries or other services that are normally provided by external auditors in connection with statutory and regulatory filings or engagements, including pension fund audits.

<sup>(2)</sup> Fees for assurance related services, including accounting consultations, interpretation of financial accounting and reporting standards, and other attest services not included in audit fees above.

<sup>(3)</sup> Fees for assistance with tax compliance, tax planning, and tax advice, as well as support with tax audits, appeals, and contested tax matters.

<sup>(4)</sup> Fees for assistance with certain non-tax Demutualization matters, review of prospectuses, disclosure documents and certain policies, review of own risk and solvency assessment, and certain other regulatory filings.

**ITEM 3 — ELECTION OF DIRECTORS****Overview**

Our by-laws provide that the Board shall consist of a minimum of seven directors and a maximum of 21 directors. The number of directors to be elected at an annual meeting shall be fixed by the Board prior to the annual meeting and has been fixed at 13 for the Meeting.

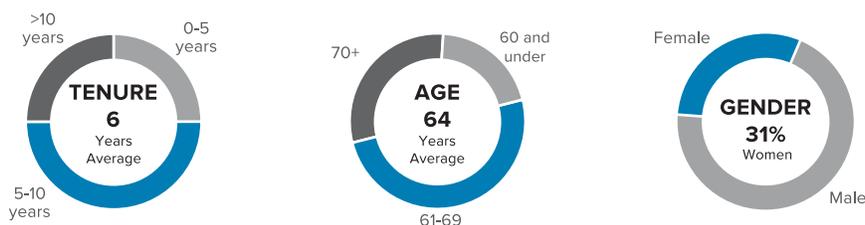
All nominees listed below under "Director Nominees" are currently members of the Board, which consists of 13 directors: John Bowey, Elizabeth DelBianco, Daniel Fortin, Barbara Fraser, Dick Freeborough, Sabrina Geremia, Micheál Kelly, Robert McFarlane, Adrian Mitchell, Susan Monteith, Rowan Saunders, Edouard Schmid and Michael Stramaglia.

Directors elected at the Meeting will hold office from the close of the Meeting until the next annual meeting or until their successors are elected or appointed. **If no instructions are given, any designated proxyholder who is a director and/or an officer of the Company will vote FOR the election of each proposed director nominee listed below under "Director Nominees".** We expect that all of the nominees will be able to serve as director but if for any reason a nominee is unable to serve, the designated proxyholder will have the right to vote at their discretion for another nominee proposed according to the Company's by-laws and applicable law.

Based on information provided by our directors as to their personal circumstances and the applicable legal tests, all director nominees listed below under "Director Nominees", except Rowan Saunders by virtue of his Management position, have been determined to be independent directors.

## Board composition

The tenure<sup>1</sup>, age and gender diversity of our Board is shown below. All of our directors have extensive experience and skills acquired from senior-level involvement in major organizations.



The Board conducts a formal assessment process every other year focused on Board, committee and director effectiveness, which involves the circulation of self-assessment questionnaires and individual director interviews with the Board Chair and Chair of our Corporate Governance Committee. In the intervening years, the Board Chair and Chair of our Corporate Governance Committee conducts interviews with individual directors and report on key insights and observations to the Corporate Governance Committee and the Board as a whole. The Board also maintains a skills matrix to help identify the competencies and experience it regards as key to the long-term strategic success of the Company. These processes assist the Corporate Governance Committee and the Board in considering the existing and anticipated needs of the Board and its committees in light of the opportunities and risks facing the Company, its strategy, and its succession planning needs.

## Board renewal

Our Board has experienced significant renewal and increased diversity in the years leading up to the Company's initial public offering ("IPO"), driven by the complexity of our operations, the competitive dynamics of our industry, the broad range of operational and corporate initiatives we have undertaken, and our preparations to become a public company. New directors have been added with expertise in marketing, technology, operational transformation, law, risk management, accounting, capital markets, mergers and acquisitions, corporate governance and insurance underwriting. Board renewal continues to be a key focus for the Board and the Corporate Governance Committee.

In conjunction with Demutualization and the IPO, the Company completed private placements with HOOPP and Swiss Re Investments Holding Company Ltd ("Swiss Re") whereby we agreed to certain board representation rights. Pursuant to a governance agreement with HOOPP (the "HOOPP Governance Agreement"), up to two individuals may be nominated by HOOPP for appointment to the Board, and pursuant to a governance agreement with Swiss Re (the "Swiss Re Governance Agreement"), one individual may be nominated by Swiss Re for appointment to the Board. In December 2021, Mr. Schmid was appointed to the Board as a nominee of Swiss Re pursuant to the Swiss Re Governance Agreement. In March 2022, Ms. Geremia and Mr. Mitchell were appointed to the Board as nominees of HOOPP pursuant to the HOOPP Governance Agreement.

Consistent with our board diversity policy, when identifying candidates to recommend for election to the Board, the Corporate Governance Committee considers diversity factors, along with business experience, functional expertise, personal skills, and integrity, and takes into account the level of diversity on the Board and representation of women, members of visible minorities, members of Indigenous Peoples, persons with disabilities and LGBTQ+, provided women and men shall each represent at least 30% of all independent directors. The Corporate Governance Committee also take into consideration our guideline concerning the maximum number of non-Definity boards our directors should serve on. See Appendix A – Statement of Corporate Governance Practices for more details.

The Board and the Corporate Governance Committee have also periodically assessed the overall size of the Board. Having regard to the need to have a board that is large enough to include the requisite expertise and resources but small enough to allow effective decision-making, as well as the results of our annual Board, committee, and director evaluation process and relevant information concerning prevailing Canadian corporate board sizes, the Board and the Corporate Governance Committee have determined that maintaining the present Board size is currently in the best interests of Definity.

<sup>1</sup> Tenure includes membership on board of directors of Definity Insurance.

## Director Nominees

The biographies that follow set out the following information for each director nominee: the year in which they first became a director of the Company; all positions, committees, and offices they hold with the Company; their principal occupation and professional background; other public company board memberships held currently and in the past five years, if any; their age (as of the date of this Circular); their place of residence; their attendance at Board and committee meetings held in 2021 (committees of the Board were reconstituted on January 1, 2022); and their Common Share ownership, including all Common Shares beneficially owned by the director nominee, or over which the director nominee exercises control or direction, directly or indirectly and compliance with the share ownership guidelines as of December 31, 2021. Information regarding Board and committee meeting attendance includes the meetings of the Board and committees of the Company on or after the date of the IPO and, prior to the date of the IPO, the board of directors and equivalent committee meetings of Definity Insurance. All biographical information, not being within our knowledge, has been provided by the relevant director nominee.



**JOHN BOWEY**  
BA, MBA,  
FCPA, FCA,  
ICD.D

Conestogo, ON, Canada  
Age: 74  
Independent

Mr. Bowey joined the Board in May 2011. He was appointed Chair of the Board in January 2016 and previously held the position of Vice-Chair.

Mr. Bowey is a retired partner of Deloitte LLP, where he held a number of leadership roles including Managing Partner of Deloitte in Southwestern Ontario and Chairman of the board of Deloitte Canada. He was also a member of Deloitte's global board of directors. He currently serves on the boards of Waterloo Brewing Ltd. and Kognitiv Corporation. He is Chair of the audit committee of both boards. He is also a past Chair of the board of directors of The Princess Margaret Cancer Foundation and a past Chair of the board of Governors of Wilfrid Laurier University. Mr. Bowey has a BA in Economics from Colby College in Waterville, Maine and an MBA from the Ivey Business School at Western University. He is a Fellow of the Chartered Professional Accountants of Ontario, holds the ICD.D designation, and is a recipient of the Distinguished Governor Award from Wilfrid Laurier University.

Mr. Bowey does not currently serve on any committee of the Board.

### BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021

Board	12 of 12	100%
Corporate Governance Committee	4 of 4	100%
Human Resources and Compensation Committee	5 of 5	100%

### PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS

Waterloo Brewing Ltd.\*

### SHARE OWNERSHIP

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	61,360	1,811,961	Met



**ELIZABETH DELBIANCO**  
BA, LL.B., MBA, ICD.D

Toronto, ON,  
Canada  
Age: 62  
Independent

Ms. DelBianco joined the Board in March 2013.

Ms. DelBianco is a corporate director and is the former Chief Legal and Administrative Officer at Celestica Inc., a NYSE-listed and S&P/TSX Composite Index company, where she held senior leadership roles from 1998 to 2020. As Chief Legal and Administrative Officer, her portfolio included the legal, human resources, communications, compliance and sustainability functions.

Ms. DelBianco is a member of Canada's Most Powerful Women: Top 100 Hall of Fame and an Emeritus Member of the Dean's Advisory Council at Queen's Law School. She is the 2020 recipient of the Law Alumni Award of Distinction from Queen's University. Ms. DelBianco holds a BA from the University of Toronto, an LL.B. from Queen's University, and an MBA from the Ivey Business School at Western University. She also holds the ICD.D designation and is called to the bar in Ontario and New York.

Ms. DelBianco is currently Chair of the Human Resources and Compensation Committee and serves on the Corporate Governance Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	12 of 12	100%
Corporate Governance Committee	4 of 4	100%
Human Resources and Compensation Committee	5 of 5	100%

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

MindBeacon Holdings Inc.  
Great Canadian Gaming Corporation

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	28,630	845,444	Met



**DANIEL FORTIN**  
B.Eng (Civil),  
Hon LLD, ICD.D

Pickering, ON, Canada  
Age: 65  
Independent

Mr. Fortin joined the Board in October 2014.

Mr. Fortin is the former President of IBM Canada with more than 35 years of experience in the technology industry, and 15 years of leadership experience globally. He led IBM in guiding Canadian organizations through digital transformations to better compete in national and global markets. During his time at IBM, he also held a number of senior executive positions at the North American and global levels. Mr. Fortin is Board Chair of Foresters Financial and former Board Chair of Evok Innovations, a venture capital fund focused on clean technology. Throughout his career, Mr. Fortin has been active on a number of non-profit boards and associations, including The Conference Board of Canada and World Vision Canada, and he is a former chair of the United Way Toronto campaign. He serves as Chair of Carleton University's board of governors. Mr. Fortin holds a Bachelor of Civil Engineering and an honorary doctorate from Carleton University in Ottawa. He also holds the ICD.D designation.

Mr. Fortin currently serves on the Human Resources and Compensation Committee and the Risk Review Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	12 of 12	100%
Human Resources and Compensation Committee	5 of 5	100%
Risk Review Committee	4 of 4	100%

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

None

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	22,720	670,922	Met



**BARBARA FRASER**  
HBA

Toronto, ON, Canada  
Age: 72  
Independent

Ms. Fraser joined the Board in December 2013.

Ms. Fraser is a corporate director with extensive C-suite experience in marketing and general management at leading global companies in the financial services sector, including American Express and Citi, and in the consumer products industry with Procter & Gamble. At American Express, Ms. Fraser was a member of the Global Management Team, based in New York, New York, where she held several leadership positions, including Global President, Travelers Cheques & Prepaid Services; EVP, Products and CMO of American Express Financial Advisors (now Ameriprise); CEO of IDS Life Insurance and SVP, Global Brand Strategy – American Express. She has served on the boards of Manitoba Telecom Services Inc. and MD Life Insurance Company. In addition, she is an Emeritus member of the advisory board of the Ivey Business School at Western University. She also previously served on the boards of ten other companies, as both an inside and outside director. Ms. Fraser is an HBA graduate from the Ivey Business School at Western University and holds Series 7 & 24 designations from the National Association of Securities Dealers, U.S.A. Ms. Fraser's achievements have been recognized with numerous awards, including the Ivey Distinguished Service Award and the Academy of Women Achievers of New York City.

Ms. Fraser currently serves on the Human Resources and Compensation Committee and Risk Review Committee.

#### BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021

Board	12 of 12	100%
Human Resources and Compensation Committee	5 of 5	100%

#### PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS

Manitoba Telecom Services Inc.

#### SHARE OWNERSHIP

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	27,270	805,283	Met



**DICK FREEBOROUGH**  
FCPA, FCA, ICD.D

Oakville, ON,  
Canada  
Age: 79  
Independent

Mr. Freeborough joined the Board in February 2012.

Mr. Freeborough is a corporate director who brings considerable insurance industry experience, financial expertise, and more than a decade of board leadership. He retired from KPMG LLP in 2004, after 39 years of financial services practice, during which time he was the KPMG Canadian Practice Lead for insurance business. He served on the board of KPMG Canada for six years, including three as Deputy Chair. Mr. Freeborough is a director for RGA Life Reinsurance Company of Canada and the Toronto Mendelssohn Choir. Mr. Freeborough is a Fellow of the Chartered Professional Accountants of Ontario and holds the ICD.D designation.

Mr. Freeborough is currently Chair of the Audit Committee and serves on the Human Resources and Compensation Committee.

#### BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021

Board	12 of 12	100%
Audit Committee	8 of 8	100%
Corporate Governance Committee	4 of 4	100%
Risk Review Committee	4 of 4	100%

#### PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS

None

#### SHARE OWNERSHIP

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	27,010	797,605	Met



**SABRINA GEREMIA**  
BA

Toronto, ON,  
Canada  
Age: 48  
Independent

Ms. Geremia joined the Board in March 2022.

Ms. Geremia is Vice-President and Country Manager for Google Canada. Ms. Geremia joined Google in 2006, and has held various leadership positions in the global business organization spanning partnerships in Financial Services, Automotive, Travel, Government, Agency and Industry Relations. Ms. Geremia's experience spans 25 years of international marketing, technology sales and general management at Procter & Gamble Italy, Reckitt Benckiser UK, Ask Jeeves UK & Ireland and mobile start up Incirco. Ms. Geremia is a member of the Business Council of Canada and the Future Skills Centre and Catalyst Canada advisory boards. She also served on the boards of Ryerson University's Digital Media Zone and the Canadian Marketing Association. Ms. Geremia holds a BA from Wilfrid Laurier University and attended the University of Pavia, Italy.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

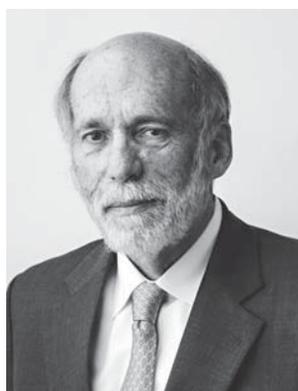
Not applicable

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

None

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	-(2)	-(2)	Not applicable as of December 31, 2021 <sup>(3)</sup>



**MICHEÁL KELLY**  
AB, MA, PhD

Waterloo, ON, Canada  
Age: 73  
Independent

Dr. Kelly joined the Board in April 2015.

Dr. Kelly is Dean of the Lazaridis School of Business and Economics at Wilfrid Laurier University. He was previously professor of strategy and international business and also Dean (from 2000 to 2010) of the Telfer School of Management at the University of Ottawa. Dr. Kelly is a former Chairman of the Six Countries Programme, one of Europe's first innovation networks. He has also served on the advisory board of the Silicon Valley Roundtable. He is a past Chair of the Canadian Federation of Business School Deans, a past member of le conseil d'administration of ESC Reims Management School in France, the ADGA Strategic Advisory Council and the Board of Governors of Beta Gamma Sigma, the international business school honour society, and was on the board of the Canada-Israel Industrial Research and Development Foundation. He serves as Chair of Waterloo North Hydro and serves on the board of the Canadian Advanced Technology Alliance (CATA). Dr. Kelly was educated at Assumption College, the University of Ottawa, and Carleton University. Dr. Kelly is a recipient of both the Queen Elizabeth II Golden Jubilee and Diamond Jubilee medals.

Dr. Kelly is currently Chair of the Corporate Governance Committee and serves on the Human Resources and Compensation Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	12 of 12	100%
Audit Committee	8 of 8	100%
Corporate Governance Committee	4 of 4	100%

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

None

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	4,090	120,778	Deadline November 23, 2026



**ROBERT MCFARLANE**  
**B.COM, MBA, ICD.D**

Vancouver, BC, Canada  
Age: 61  
Independent

Mr. McFarlane joined the Board in November 2019.

Mr. McFarlane is a retired financial executive and corporate director. From 1994 to 2000, Mr. McFarlane served as EVP, CFO and Secretary-Treasurer of Clearnet Communications Inc., a former publicly-traded telecommunications company. He then served as EVP and CFO of TELUS Corporation until 2012. Since leaving TELUS, Mr. McFarlane has been active on various corporate and not-for-profit boards. Mr. McFarlane is currently a director and Chair of the Audit, Risk and Conduct Review Committee at HSBC Bank Canada, the Canadian subsidiary of a publicly-traded, multinational financial institution. He also chairs the Information Technology Advisory Council of the University of British Columbia and serves on the Board of Trustees of Queen's University. Mr. McFarlane previously served as a director, Deputy Chair of the Board, and Chair of the Audit and Risk Committee for Royal & Sun Alliance Insurance Company of Canada, a P&C insurer, as a director and Chair of the Audit Committee for Ascalade Communications, a former publicly-traded telecommunications company, as a director, Chair of the Audit and Risk Committee, and Chair of the Special Committee at InnVest Real Estate Investment Trust, a former publicly-traded real estate entity, and as a director and Chair of the Audit Committee at Entertainment One Ltd., a former publicly-traded global entertainment studio. Mr. McFarlane holds a B.Com. from the Smith School of Business at Queen's University, an MBA from the Ivey Business School at Western University and the ICD.D designation.

Mr. McFarlane currently serves on the Audit Committee and the Risk Review Committee.

#### BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021

Board	12 of 12	100%
Audit Committee	8 of 8	100%
Risk Review Committee	4 of 4	100%

#### PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS

HSBC Bank Canada\*

Entertainment One Ltd.

#### SHARE OWNERSHIP

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	28,630	845,444	Met



**ADRIAN MITCHELL**  
**B.COM, CFA**

Toronto, ON, Canada  
Age: 53  
Independent

Mr. Mitchell joined the Board in March 2022.

Mr. Mitchell is Vice President, Public Equities at Healthcare of Ontario Pension Plan (HOOPP) with responsibility for overseeing HOOPP's public equity investment strategies and valuation work. Mr. Mitchell joined the Public Equity team at HOOPP in 2001, and was appointed Vice-President in 2018. Prior to joining HOOPP, Mr. Mitchell worked at a strategy consulting firm, Scotiabank and Citibank. Mr. Mitchell earned a B.Com. from the University of British Columbia's Sauder School of Business, where he also was a member of the Portfolio Management Foundation program, and holds the Chartered Financial Analyst designation.

#### BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021

Not applicable

#### PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS

None

#### SHARE OWNERSHIP

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	-(2)	-(2)	Not applicable as of December 31, 2021 <sup>(4)</sup>



**SUSAN MONTEITH**  
LL.B., MSc (Bus), ICD.D

Toronto, ON, Canada  
Age: 65  
Independent

Ms. Monteith joined the Board in January 2018.

Ms. Monteith is a retired senior executive with more than thirty years of experience in roles with leading Canadian financial institutions including CIBC World Markets and National Bank Financial Inc. and has been an advisor to many boards and senior executives of public and private companies over her career. Most recently at National Bank Financial Inc., she was Executive Vice President & Managing Director of Client Strategy and People Development, and a member of the Management Committee. Ms. Monteith is a member of the board of Women's College Hospital, as well as the board of trustees of Flagship Communities Real Estate Investment Trust, a TSX-listed real estate investment trust. She was a past member of cabinet for the United Way of Toronto & York Region, where she co-chaired fundraising for the Women Gaining Ground initiative and was a founding board member and part of the advisory council for Women in Capital Markets. Ms. Monteith holds an LL.B. from Osgoode Hall Law School at York University and an MSc in business from London Business School. She also holds the ICD.D designation and was a member of the bar in Ontario.

Ms. Monteith currently serves on the Audit Committee and the Risk Review Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	11 of 12	92%
Risk Review Committee	4 of 4	100%

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

Flagship Communities Real Estate Investment Trust\*

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	22,710	670,626	Met



**ROWAN SAUNDERS**  
BA, FCIP, CRM

Toronto, ON, Canada  
Age: 57  
Not Independent

Mr. Saunders is the President and Chief Executive Officer of the Company and joined the Board in November 2016. His extensive background includes over 30 years of international P&C insurance industry experience, holding progressive positions in the areas of underwriting, marketing, sales, group insurance, broker networks and finance. Prior to joining the Company, Mr. Saunders spent 12 years as the President and CEO of Royal & Sun Alliance Insurance Company of Canada, a P&C insurer, as well as CEO of its affiliates Johnson Insurance, an insurance intermediary focused on affinity group insurance programs in Canada (for 12 years), and Noraxis Capital Corporation, a network of Canadian insurance brokers (for 10 years). He is the past Chairman, a current member of the board of directors, and Chair of the audit committee of the Insurance Bureau of Canada, and a member of the boards of Equitable Group Inc. and Equitable Bank. Mr. Saunders is a past member of the Financial Services Commission of Ontario's CEO Advisory Committee, the board of directors of the Institute for Catastrophic Loss Reduction, and the board of directors of Facility Association. Mr. Saunders holds a BA from York University, as well as a Canadian Risk Management designation, and is a Fellow of the Insurance Institute of Canada.

Mr. Saunders does not currently serve on any committee of the Board.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	12 of 12	100%
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**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

Equitable Group Inc.\*

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline/target date
2021	213,650	6,309,085	Met



**EDOUARD SCHMID**  
**MSc (Physics)**

Eglisau, Switzerland  
 Age: 57  
 Independent

Mr. Schmid joined the Board in December 2021.

Mr. Schmid is a corporate director with extensive international insurance industry experience. He spent 30 years with Swiss Re, one of the world’s leading providers of reinsurance. After joining Swiss Re in 1991, he quickly progressed to hold various positions of progressive responsibility in Europe and Asia across many domains, including underwriting, risk and actuarial, taking on in May 2012 the role of Head, Property and Specialty Reinsurance. From 2017 to 2020, Mr. Schmid was the Group Chief Underwriting Officer, the Chairman of the Swiss Re Institute and a member of the Group Executive Committee of Swiss Re Ltd. Mr. Schmid holds a master’s degree in physics from the Swiss Federal Institute of Technology.

Mr. Schmid currently serves on the Audit Committee and the Corporate Governance Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

No relevant meetings were held over the period in 2021 during which Mr. Schmid served on the Board.

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

New China Life Insurance Company Ltd.\*  
 Britam Holdings Plc\*

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline/target date
2021	– <sup>(5)</sup>	– <sup>(5)</sup>	Met <sup>(6)</sup>



**MICHAEL STRAMAGLIA**  
**B.MATH, FSA, FCIA, CERA,**  
**ICD.D**

Toronto, ON,  
 Canada  
 Age: 62  
 Independent

Mr. Stramaglia joined the Board in April 2010.

Mr. Stramaglia is a corporate director and is the President and founder of Matrisc Advisory Group Inc., a risk management consulting firm. Mr. Stramaglia sits on the boards of Foresters Financial, Equitable Group Inc. and Equitable Bank, and Munich Re Group's Canadian subsidiaries, Munich Reinsurance Company of Canada and Temple Insurance. He also holds the position of Executive in Residence at the Global Risk Institute in Financial Services, and Program Director for the Schulich Executive Education Centre of Excellence in Governance, Risk Management and Control. He is also Chair of the Ontario Internal Audit Committee, an independent advisory committee focused on the governance, risk management, and internal control practices of the Ontario government. Mr. Stramaglia brings many years of experience in executive management positions, including Chief Risk Officer and Executive Vice-President of Investments at Sun Life Financial Inc., and Chief Investment Officer and Executive Vice-President of Reinsurance at Clarica Life Insurance Company, President and CEO of Zurich Life Insurance Company of Canada, and President and Chief Operating Officer of Zurich Financial Services Ltd.'s consolidated Canadian life and P&C insurance operations. Mr. Stramaglia is a qualified actuary and a Chartered Enterprise Risk Analyst. He holds an Honours Bachelor of Mathematics from the University of Waterloo and the ICD.D designation from the Institute of Corporate Directors.

Mr. Stramaglia is currently Chair of the Risk Review Committee and serves on the Corporate Governance Committee.

**BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2021**

Board	12 of 12	100%
Audit Committee	8 of 8	100%
Risk Review Committee	4 of 4	100%

**PUBLIC COMPANY BOARD MEMBERSHIPS DURING THE LAST FIVE YEARS**

Equitable Group Inc.\*

**SHARE OWNERSHIP**

Year	Common Shares	Total Value of Common Shares (\$) <sup>(1)</sup>	Share ownership guideline / compliance deadline
2021	13,630	402,494	Deadline November 23, 2026

\* Denotes current board membership

Notes:

- <sup>(1)</sup> The value of the Common Shares is based on the closing Common Share price on the Toronto Stock Exchange ("TSX") on December 31, 2021 of \$29.53.
- <sup>(2)</sup> In March 2022, Ms. Geremia and Mr. Mitchell were appointed to the Board as nominees of HOOPP pursuant to the HOOPP Governance Agreement. As of December 31, 2021, HOOPP beneficially owned, or controlled or directed, directly or indirectly, 23,062,646 Common Shares (total value of \$681,039,936).
- <sup>(3)</sup> The share ownership guidelines did not apply to Ms. Geremia as of December 31, 2021 because Ms. Geremia was not then a member of the Board.
- <sup>(4)</sup> The share ownership guidelines did not apply to Mr. Mitchell as of December 31, 2021 because Mr. Mitchell was not then a member of the Board.
- <sup>(5)</sup> In December 2021, Mr. Schmid was appointed to the Board as a nominee of Swiss Re pursuant to the Swiss Re Governance Agreement. As of December 31, 2021, Swiss Re beneficially owned, or controlled or directed, directly or indirectly, 11,450,000 Common Shares (total value of \$338,118,500).
- <sup>(6)</sup> Mr. Schmid joined the Board on December 21, 2021 and did not receive any compensation for acting as a director of the Company or of any subsidiary for the short stub period.

**Director Compensation**

Our director compensation program is designed to compensate eligible directors for the work required to fulfill their roles, to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the Company's shareholders. Directors who are also employees or officers of the Company or any of our subsidiaries receive no remuneration for acting as a director of the Company or of any subsidiary.

Each of our directors serves on the boards of directors and committees of Definity and those of our insurer subsidiaries (Definity Insurance, The Missisquoi Insurance Company, Perth Insurance Company, Waterloo Insurance Company, Sonnet Insurance Company, and Petline Insurance Company). Currently, the membership and chair designations for our insurer subsidiary boards and their committees (to the extent such committees exist) are identical to Definity. For example, if a director is Chair of the Audit Committee, that director is also Chair of the audit committees for our insurer subsidiaries. Also, the committees in existence at our insurer subsidiaries are identical to those in existence at Definity, except for the Special Committee on Demutualization that exists only at Definity Insurance.

The table below shows the amounts, before withholdings, provided to our non-management directors for their service on the Board and its committees, and the boards of directors and committees of our subsidiaries, for the 2021 fiscal year.

Name <sup>(1)</sup>	Fees earned <sup>(2)</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Bowey	335,000.00	-	-	-	-	-	335,000.00
Elizabeth DelBianco	205,000.00	-	-	-	-	-	205,000.00
Daniel Fortin	196,673.08	-	-	-	-	-	196,673.08
Barbara Fraser	191,711.54	-	-	-	-	-	191,711.54
Dick Freeborough	225,000.00	-	-	-	-	-	225,000.00
Micheál Kelly	201,115.38	-	-	-	-	-	201,115.38
Robert McFarlane	205,000.00	-	-	-	-	-	205,000.00
Susan Monteith	198,730.77	-	-	-	-	-	198,730.77
Edouard Schmid <sup>(3)</sup>	-	-	-	-	-	-	-
Michael Stramaglia	203,730.77	-	-	-	-	-	203,730.77

**Notes:**

<sup>(1)</sup> Ms. Geremia and Mr. Mitchell joined the Board in March 2022.

<sup>(2)</sup> Certain of our non-management directors participate on a committee of the board of directors of a subsidiary, for which such directors receive an annual retainer of \$10,000. Fees earned also include pro-rated fees for certain of our non-management directors who participated on certain committees of the board of directors of subsidiaries, which committees were dissolved during 2021.

<sup>(3)</sup> Mr. Schmid joined the Board on December 21, 2021 and did not receive any compensation for acting as a director of the Company or of any subsidiary for the short stub period.

In 2021, our Board Chair received \$335,000 in respect of service in that capacity, and our non-management directors (other than the Board Chair) received \$175,000 in respect of service in that capacity, which in each case included a one-time additional payment of \$35,000 to recognize extraordinary unanticipated workload and contributions in 2021. The chairs of the Audit Committee and the Human Resources and Compensation Committee (“HRCC”) received an additional annual retainer of \$20,000, and the chairs of the Corporate Governance Committee and Risk Review Committee received an additional annual retainer of \$15,000. Each non-chair committee member, except the Board Chair who does not receive retainers for serving as a member or chair of a committee during their tenure as Board Chair, received an additional annual retainer of \$10,000 for each committee on which they serve.

The Corporate Governance Committee periodically reviews and makes recommendations to the Board regarding the adequacy and form of directors’ compensation. In 2021, the compensation for the Board Chair, committee chairs, and other Board members was assessed against a comparator group of publicly-traded organizations of comparable size, selected based on factors such as revenue, market capitalization and number of business units. Our overall objective is to target total directors’ compensation at the median of the comparator group. As a result of this review, effective January 1, 2022, the annual retainer for the Board Chair is \$350,000, the annual retainer for each non-management director (other than the Board Chair) is \$165,000, and the additional annual retainer for chairs of the Audit Committee and HRCC is \$25,000. All other annual retainers remain the same as 2021.

The retainers may be supplemented with additional amounts to compensate for unanticipated workloads and extraordinary contributions, but only after specific consideration and approval by the Board. We will also reimburse our directors for expenses in accordance with our expense reimbursement policy. Further, each non-management director (i) may elect to receive up to 100% of their retainers in the form of deferred share units (“DSUs”) and (ii) is required to receive 50% of their base retainer in the form of DSUs until they achieve the share ownership targets set for directors. See “Director Share Ownership Guidelines”. We do not issue stock options or pay meeting fees or travel allowances as part of director compensation.

### Director Share Ownership Guidelines

The Board has adopted Share Ownership Guidelines in order to encourage the Company’s directors and senior leaders to obtain a significant ownership interest in the Company to better align their interests with those of the Company’s shareholders.

Non-management directors can meet share ownership requirements through direct or beneficial ownership of Common Shares and DSUs granted under the directors’ DSU plan (the “Directors’ DSU Plan”). The Share Ownership Guidelines require each non-management director to acquire and continue to hold during the time they are a non-management director, an amount of equity having a value equal to at least three times their annual base retainer. The ownership requirements for non-management directors must be achieved by the fifth anniversary from the later of (i) November 23, 2021 (the date of the IPO) and (ii) the initial appointment as a non-management director.

Non-management directors may elect to receive up to 100% of their annual remuneration in the form of DSUs and are required to receive 50% of their base retainer in the form of DSUs until they achieve the share ownership target set out above.

If a non-management director has not achieved or otherwise maintained the equity ownership requirement within the specified time period, then the Corporate Governance Committee has discretion to undertake corrective measures to achieve compliance including, among other measures, requiring such director to participate in the Directors' DSU Plan and receive DSUs in lieu of up to 100% of such director's annual base retainer for purposes of achieving or seeking to achieve compliance with the Share Ownership Guidelines.

#### **ITEM 4 – ADVISORY VOTE ON APPROACH TO EXECUTIVE COMPENSATION**

The Board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles that the Board has used to make executive compensation decisions. It is the Board's intention that this shareholder advisory vote will form an important part of the ongoing process of engagement between shareholders and the Board on compensation.

The "Statement on Executive Compensation" section discusses our compensation philosophy, the objectives of the different elements of our compensation programs and the way the Board assesses performance and makes decisions. It explains how the Company's compensation programs are centred on a pay-for-performance culture and are aligned with the long-term interests of shareholders.

**If no instructions are given, any designated proxyholder who is a director and/or an officer of the Company will vote FOR the following resolution:**

"BE IT RESOLVED, on a non-binding and advisory basis and not to diminish the role and responsibilities of the Board, that the shareholders accept the approach to executive compensation disclosed in the Company's Management Information Circular delivered in advance of the 2022 Annual Meeting of Shareholders."

While the advisory vote is non-binding, the HRCC and the Board will take the results of the vote into account, as they consider appropriate, when considering future compensation policies, procedures and decisions. If a significant number of the shares represented at the Meeting are voted against the advisory resolution, the Board Chair will oversee a process to better understand opposing shareholders' specific concerns. The HRCC will then review the approach to executive compensation in the context of those concerns and may make recommendations to the Board.

## STATEMENT ON EXECUTIVE COMPENSATION

### MESSAGE TO OUR SHAREHOLDERS

On behalf of the HRCC, I am pleased to share with you our approach to executive compensation for 2021.

#### A year in review

2021 was a banner year for Definity as we pursued our ambition to be one of Canada's leading and most innovative property and casualty ("P&C") insurers.

On November 23, 2021, Definity Insurance completed its journey to demutualize and become a publicly traded company with the introduction of a new parent entity, Definity Financial Corporation. The IPO together with private placements from two cornerstone investors — a leading global reinsurer and a major Canadian pension fund — was the second largest debut ever in TSX history, a milestone achievement from a capital markets perspective. Definity can now compete on an equal footing with major competitors as a strong, independent public company. In parallel with the IPO preparation efforts, the company maintained its pace of innovation and technology transformation on top of the ongoing volume of high-complexity work across other areas of the business.

Definity Insurance also celebrated its milestone 150<sup>th</sup> anniversary on November 25, 2021, a testament to not only business strength but the level of trust the company has built with customers, employees, and valued broker partners.

As was the case in 2020, companies across the world continued to adapt their regular business practices in response to the ongoing challenges associated with the COVID-19 pandemic. Since the early days of the pandemic, Definity has remained responsive to the needs of brokers, customers, and most importantly our employees. Despite the Delta and Omicron variants delaying return-to-work schedules and presenting further challenges, Definity proved itself adaptable and capable of overcoming unforeseen circumstances to serve its customers and deliver for investors.

#### Commitment to pay for performance

At Definity, we believe in aligning compensation with performance relative to our business plan and strategy. While overall target compensation opportunities are established at competitive levels to attract and retain the executive talent we need, the majority of the executives' potential compensation is incentive-based and dependent on key measures of short- and long-term performance. The HRCC considers many factors in setting total compensation, including competitive market conditions, internal equity, scope of the role, current business challenges, short- and longer-term performance, and strategic objectives.

The performance metrics in the incentive programs are designed to maintain our focus on positioning the company for our future ambitions. By linking our programs to both current strategic imperatives and future value creation, we believe we are aligning our executive team's interests with those of our investors.

#### 2021 performance and compensation

Built on a strong foundation for continued success, the year-end results for 2021 marked the culmination of years of exemplary work by Mr. Saunders and the executive leadership team to transform the business. Strategic expansions and organic growth have given Definity a solid launching point for continued advancement towards becoming a top 5 P&C insurer. Premium growth was 14.8% for the full year, driven by our strategic expansions in Sonnet, commercial lines, personal property, and ongoing firm market conditions. Our COR of 93.1%, improved from 94.6% in 2020, demonstrates our continued focus on maintaining a solidly profitable operation. We also continued our solid progress in diversification of our portfolio, improved scale and affinity business for Sonnet, and continued transformation of our processes and systems.

Operating net income of \$220.4 million led to operating return on equity ("ROE") of 11.5%. Full year net income of \$213.2 million, in conjunction with the net proceeds from our recent IPO and related transactions, drove book value up \$578.3 million in 2021, ending the year at \$20.68 per share, 18% higher than a year ago.

As we begin this new chapter as a public company, we recognize the many successes in 2021 that have resulted in a company with a strong foundation and a bright future. Based on their strong performance in 2021 and how it has positioned us for the future, the Board has awarded Mr. Saunders and the executive leadership team a short-term incentive between 165% and 180% of target and confirmed the performance factor for the 2019 — 2021 performance units ("PUs") under the Definity Insurance Medium-Term Incentive Plan ("MTIP") at 150%.

Sincerely,



**Elizabeth DelBianco**

Chair of the Human Resources and Compensation Committee

#### KEY PERFORMANCE MEASURES



Strategic expansions in Sonnet, commercial lines, and personal property



Combined ratio ("COR"): 93.1%



Gross written premiums ("GWP"): \$3,231.4 (millions)

#### 2021 COMPENSATION HIGHLIGHTS



Corporate performance multiplier for the short-term incentive plan was 175% of target



The performance factor for the 2019-2021 PUs under the MTIP was 150%

## COMPENSATION DISCUSSION & ANALYSIS

The following section describes the significant elements of our executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer, the Chief Financial Officer and the other three most highly compensated executive officers (collectively, the “NEOs”). The NEOs for the fiscal year ended December 31, 2021 were:

- Rowan Saunders, President and Chief Executive Officer (“CEO”);
- Philip Mather, Executive Vice-President and Chief Financial Officer;
- Fabian Richenberger, Executive Vice-President, Commercial Insurance;
- Paul MacDonald, Executive Vice-President, Personal Insurance; and
- Innes Dey, Senior Vice-President, Legal and Strategy.

### Compensation Objectives and Philosophy

Our compensation program focuses executives on the successful execution of our business strategy, in alignment with our risk appetite and Company values. The program is guided by the following three principles:



Provide competitive total compensation to attract, retain, and motivate talented executives



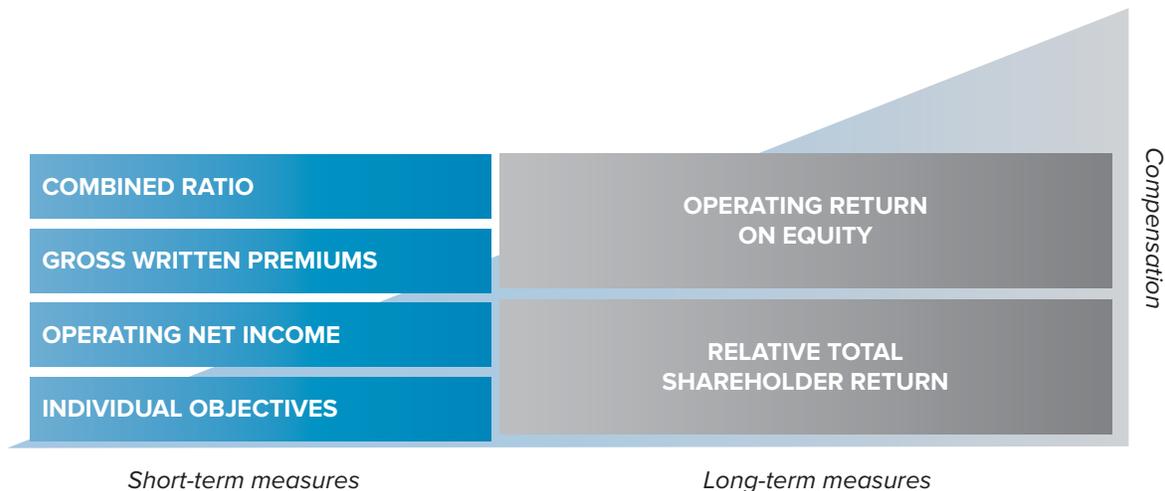
Pay for performance that is consistent with our strategy, risk appetite, and Company values



Align executive and shareholder interests by rewarding strong performance and long-term value creation

### Alignment with our business strategy

We believe in aligning compensation with performance relative to our business plan and strategy. While overall target compensation opportunities are established at competitive levels to attract and retain the executive talent we need, the majority of our executives’ potential compensation will be incentive-based and dependent on key measures of short- and longer-term performance.



Short-term measures			Long-term measures	
Combined Ratio <sup>1</sup>	Gross Written Premiums <sup>2</sup>	Operating Net Income <sup>3</sup>	Operating Return on Equity <sup>4</sup>	Relative Total Shareholder Return
<ul style="list-style-type: none"> <li>• A foundational insurance indicator of how efficiently our core business has performed.</li> <li>• Looks at claims and operating expenses as a percentage of our net earned premiums.</li> </ul>	<ul style="list-style-type: none"> <li>• Year-over-year growth in our revenues (GWP) is a key indicator of our progress towards our profitable growth goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Operating net income is a key measure of our overall earnings and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• A common indicator in the industry used to measure and evaluate the periodic return that our operational performance is providing in relation to the equity position of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• Measures Definity’s total shareholder return relative to the total shareholder returns of an index of companies, aligning performance with shareholder outcome.</li> </ul>

Notes:

- <sup>(1)</sup> For STIP purposes, COR is calculated as claims and adjustment expenses (not including discounting), commissions, operating expenses (net of other underwriting revenues), and premium taxes for the year divided by net earned premiums. Net earned premiums are defined as the portion of net written premiums (defined as GWP less the cost of reinsurance coverage) equal to the expired period of time an insurance policy is in effect in the current period presented.
- <sup>(2)</sup> GWP growth is the increase or change in gross written premiums for the year, divided by the premium base at the beginning of the year. It is also a standard measure of financial performance among insurance organizations.
- <sup>(3)</sup> Operating net income is the net income less (or plus) non-operating gains (losses) net of applicable income taxes. Management uses operating net income to measure and evaluate the ongoing operational performance of the business.
- <sup>(4)</sup> Operating net income for the 12 months ended at a specified date divided by the average of total equity, excluding accumulated other comprehensive income, adjusted for significant capital transactions if applicable, over the same 12-month period. Management uses operating ROE to measure and evaluate our performance with respect to the periodic return that our operational performance is providing relative to the equity position of the organization.

**Alignment with our approach to ESG**

Definity recognizes the relevance and importance of environmental, social and governance (“ESG”) factors in the Company’s purpose, culture, strategy, and overall performance. Accordingly, various prioritized ESG metrics are part of the individual objectives for each NEO and many other employees across the Company, including enterprise employee engagement, inclusion and diversity objectives. We will enhance the integration of ESG factors in executive compensation going forward to support, among other things, our climate change objectives.

**COMPENSATION PROCESS AND BENCHMARKING**

**Compensation design and decision-making process**

The Board, the HRCC, and Management are all involved in compensation decision-making. All decisions about compensation design and executive pay are made with reference to our strategy, our risk appetite, and our principle of pay for performance.



Review plan design and establish target pay levels and mix	Set performance objectives	Ongoing review of market and trends	Evaluate performance	Finalize compensation
<ul style="list-style-type: none"> <li>• The HRCC approves design features of the executive compensation programs</li> <li>• The HRCC approves target compensation for each senior executive at the beginning of each year, considering desired pay mix</li> <li>• For the CEO, the HRCC recommends and the Board approves the compensation targets and pay mix</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the Board-approved business plan, Management proposes financial and strategic goals, targets and performance ranges for the annual and long-term incentives</li> <li>• The HRCC reviews and approves the financial and strategic goals, targets and performance ranges</li> <li>• The HRCC recommends and the Board approves the CEO’s objectives and individual performance targets</li> </ul>	<ul style="list-style-type: none"> <li>• The HRCC reviews:                             <ul style="list-style-type: none"> <li>- The composition of the benchmarking reference groups</li> <li>- Competitive positioning of target compensation</li> <li>- Ongoing trends</li> <li>- Ongoing performance relative to the established targets and ranges</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Management discusses business performance results with the HRCC</li> <li>• The HRCC reviews performance relative to the metrics and approves the performance factors</li> <li>• The CEO reviews the performance of the senior executives against the corporate and individual objectives set at the beginning of the year</li> <li>• The Board reviews the CEO’s performance against the corporate and individual objectives set at the beginning of the year</li> </ul>	<ul style="list-style-type: none"> <li>• The Board reviews and approves the CEO’s compensation</li> <li>• The HRCC reviews and approves the compensation of the other senior executives, taking into account the CEO’s recommendations</li> <li>• Discretion may be applied to change the calculated awards when necessary to address the impact of unforeseen or extraordinary events</li> </ul>

The HRCC considers a number of additional factors when determining the total potential compensation to be awarded to an executive for a particular year. This includes the scope of responsibility of the role, corporate and individual performance, the executive’s skills and experience, and compensation levels for comparable roles at similarly situated companies.

## Establishing our compensation benchmarks

The competitive market for executive talent is drawn from businesses within financial services, the insurance industry, and broader general industry. To understand competitive levels of compensation for a company of Definity's size and complexity, the HRCC assesses executive compensation practices and levels at similarly situated companies using the following two reference groups.

Reference organization criteria	How we use the reference data
<p><b>General industry publicly-traded organizations</b></p> <ul style="list-style-type: none"> <li>Financial services and consumer facing industries, excluding oil and gas, natural resources and utilities</li> <li>Comparable size based on revenue, market capitalization and number of business units</li> <li>National operations</li> </ul> <p><b>Insurers</b></p> <ul style="list-style-type: none"> <li>Comparable in size based on GWP and assets (from 1/3 to 3 times the size of Definity and its subsidiaries)</li> <li>All organization structures (mutual, subsidiary, and publicly traded)</li> </ul>	<ul style="list-style-type: none"> <li>As an input into setting base salary, annual incentive, and long-term incentive target levels</li> <li>To assess the competitiveness of total direct compensation awarded to senior executives</li> <li>To understand annual and long-term incentive designs in the market</li> </ul>

### General industry publicly traded reference group:

IA Financial Corporation Inc.	Canadian Tire Corporation Limited	Gildan Activewear Inc.
Intact Financial Corporation	Finning International Inc	Premium Brands Holdings Corporation
National Bank of Canada	Maple Leaf Foods Inc.	Cogeco Inc.
TMX Group Limited	NFI Group Inc.	The North West Company Inc.
Laurentian Bank of Canada	Stantec Inc.	Spin Master Corp.

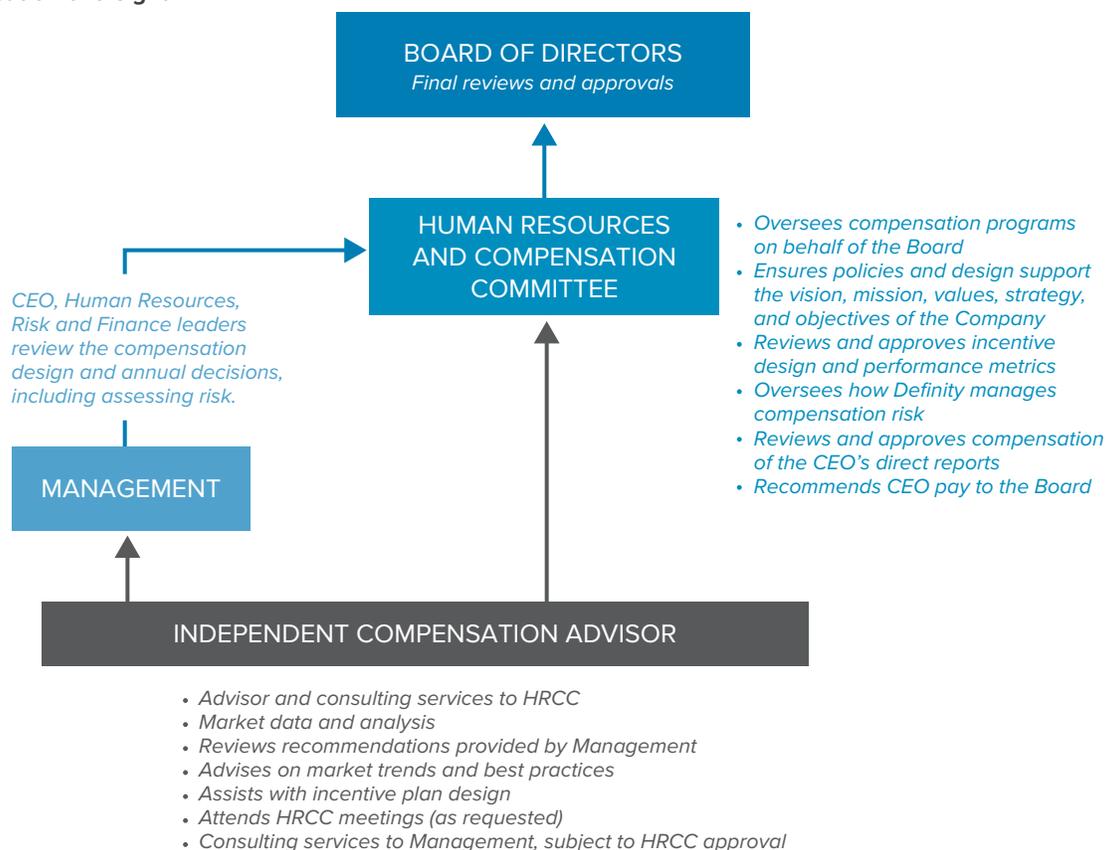
### Canadian Insurers:

Aviva Canada	TD Insurance	Reinsurance Group of America (RGA Canada)
Co-operators Group Limited	Northbridge Insurance	Gore Mutual Insurance Company
Intact Financial Corporation	Allstate Insurance Company of Canada	

## Compensation Governance and Risk Management

The HRCC is made up of five independent directors, all of whom are seasoned professionals knowledgeable in executive compensation through their business experience in one or more senior executive roles and/or working with other boards. None of the directors is an active chief executive officer of a publicly-traded organization and none of them is or has been an officer or employee of Definity or any of its subsidiaries.

## Compensation oversight



### Independent compensation advice

Since 2013, the HRCC (and the corresponding board committee of Definity Insurance) has retained Willis Towers Watson ("WTW") as an outside advisor to provide independent guidance and advice on compensation decisions.

The HRCC regularly meets with WTW, without Management present, to maintain direct channels of communication and assess independence and objectivity of advice. While WTW's information and advice inform the decision-making process, the HRCC relies on its own judgment to make final decisions.

The HRCC reviews WTW's independence on a regular basis and has confirmed WTW's independence for 2020 and 2021. In its review, the HRCC considered WTW's processes, protocols and incentive structure, and the consultants' business and personal relationships with Definity, its subsidiaries and their directors and executives.

The table below shows the fees paid to WTW and its affiliates for services in the last two years. If Management wants to work with WTW, the HRCC must pre-approve any consulting services above a pre-determined threshold.

Fees paid to WTW	2021 (\$)	2020 (\$)
Executive compensation-related fees	272,043	284,008
All other fees <sup>1</sup>	101,700	931
<b>Total</b>	<b>373,743</b>	<b>284,939</b>

Notes:

<sup>(1)</sup> All other fees for 2021 includes support to develop modelling in Personal Insurance. 2020 includes fees for consulting services related to non-executive pay practices.

### Compensation risk management

Our compensation program is designed with the understanding that we are in the business of taking risk to achieve an appropriate return. The HRCC regularly monitors and evaluates our compensation policies with a view to ensuring they align with good governance practices. The HRCC believes that our compensation policies, plans, and practices do not encourage inappropriate or excessive risk-taking, and that there are no compensation-related risks or practices that are reasonably likely to have a material adverse effect on the Company.

Our goal is to reward executives for sustainable, profitable growth, and other established desirable strategic business outcomes, that fall within our risk appetite. The risk management features of our compensation program are aligned with the Financial Stability Board's Principles for Sound Compensation Practices and with OSFI guidelines. Management and the HRCC will continue to assess the alignment of our compensation program with governance best practices.

## What we do

- ✔ **Consider the balance between fixed and variable pay, short- and longer-term time horizons**

Our compensation program balances fixed and variable pay and short- and long-term performance criteria with overlapping performance periods. The weighting for the long-term incentive increases by role, responsibility, and the ability to affect our longer-term strategy, risk, and results.
- ✔ **Test our compensation program design**

Any significant changes considered in the structure of our incentive plans, including the performance targets and ranges, are tested against various performance scenarios. The CEO, Chief Financial Officer, and Chief Risk and Actuarial Officer review the results before Management presents the findings to the HRCC along with the proposed changes.
- ✔ **Cap variable pay**

The short-term incentive payout is capped at 200% of target. The performance share unit (“PSU”) performance factor is capped at 2x.
- ✔ **Pay-for-performance**

Annual and long-term incentive awards are linked to performance on our corporate goals, strategic objectives and individual goals and are designed to focus executives on carrying out our strategy, sustaining performance, and growing value over the longer term.
- ✔ **Compensate senior executives based on overall Company and individual performance**

Compensation for our most senior leaders (the CEO and his direct reports), and all executives in control functions (risk management, actuarial, legal, and finance), is based solely on Company and individual performance and does not include specific performance metrics for business segments.
- ✔ **Discretion**

The Board and HRCC will be able to use their discretion to adjust the mathematically determined awards up or down to address the impact of unforeseen or extraordinary events, including reducing them to zero if performance is not in line with risk management, or expected conduct.
- ✔ **Compensation Recoupment Policy**

We have a policy that allows us to recover incentive compensation paid to the CEO and each officer who reports directly to the CEO if their misconduct<sup>1</sup> causes a material restatement or correction of financial statements that results in overcompensation, based on the restated or corrected results. Under the policy, the Company is entitled to recover from such executive any overcompensation amount that was received within three years preceding the date of the material restatement.
- ✔ **Securities Trading Policy**

All of the Company’s executives, directors and employees are subject to the Securities Trading Policy, which prohibits trading in the Company’s securities while in possession of material undisclosed information regarding the Company or during internal blackout periods. Under this policy, such individuals are also prohibited from entering into certain types of hedging transactions involving the securities of the Company, such as short sales, puts and calls.
- ✔ **Share Ownership Guidelines**

Executives and directors are expected to maintain a minimum level of share ownership to align executive and shareholder interests. More details are provided below.

## What we don’t do

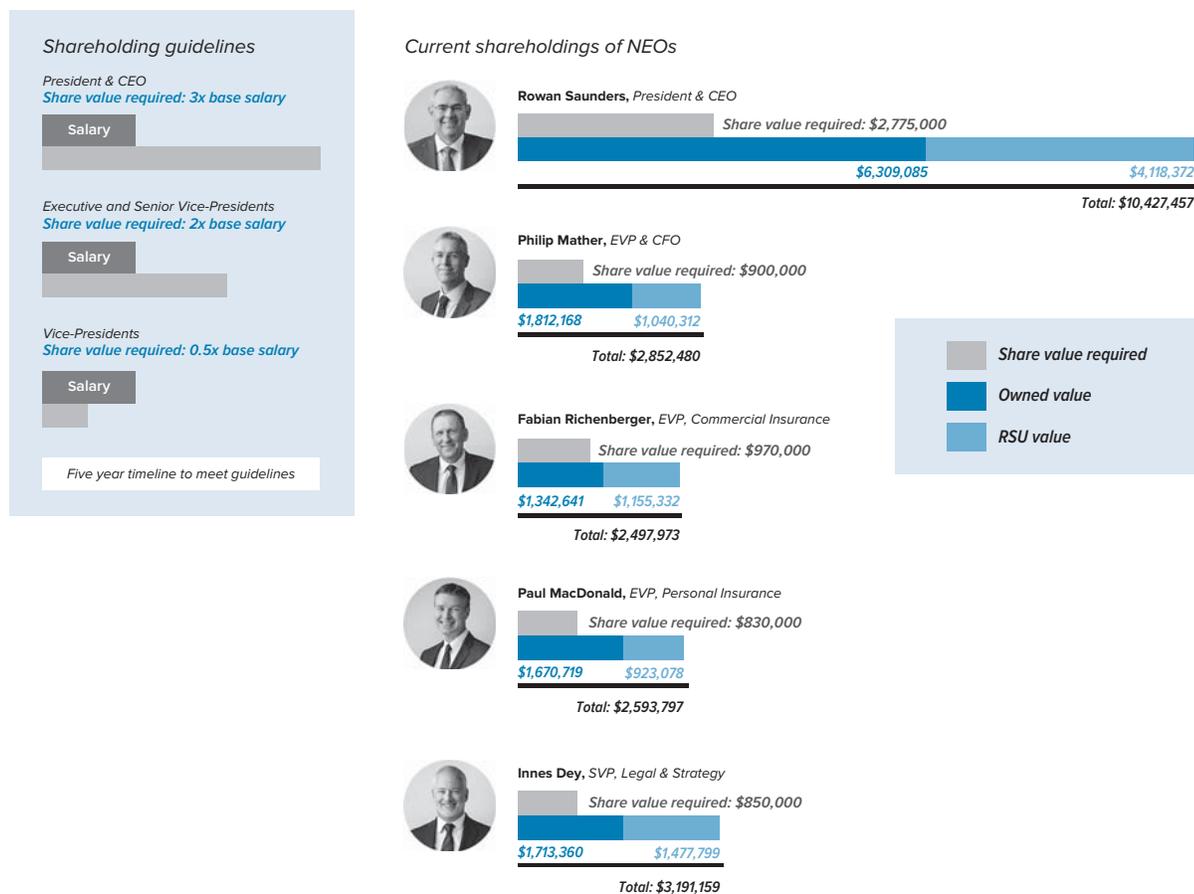
- ✘ Single measure plans
- ✘ Single trigger change of control provisions
- ✘ Grant or extend loans to employees
- ✘ Pay incentives if unwarranted by financial, strategic, risk management or individual performance

### Notes:

<sup>(1)</sup> “Misconduct” means (i) fraud, (ii) willful breach of the material provisions of the Company’s code of business conduct, (iii) willful failure to perform the senior executive’s most important duties and responsibilities, (iv) certain types of criminal convictions, (v) failure to report or intervene when the senior executive knows, or should have known, that another employee was engaged in serious misconduct, or (vi) any other circumstances that would allow for termination with cause.

## Share Ownership Guidelines

The Board has adopted Share Ownership Guidelines in order to better align executives' interests with those of shareholders. Executives are expected to maintain a minimum level of share ownership and to meet their ownership guidelines by the fifth anniversary from the later of (i) November 23, 2021 (the date of the IPO) and (ii) the date the executive joined the Company or was promoted to an executive role.



Included in the determination of the executive's share ownership for the purpose of the Share Ownership Guidelines are any Common Shares held by the executive (directly, indirectly, or controlled), vested and unvested restricted share units ("RSUs"), DSUs, and such other eligible units as may be approved by the Board. Stock options and PSUs are excluded for purposes of calculating the executive's level of share ownership.

All NEOs are in compliance with the Share Ownership Guidelines. The table below sets out the number of units and value of the NEOs' shareholdings, as well as the total value as a multiple of base salary, as at December 31, 2021.

Name	Guideline	Common Shares		RSUs		DSUs		Total Value	Total Value as multiple of base salary
		# of shares	Value <sup>(1)</sup>	# of units	Value <sup>(1)</sup>	# of units	Value		
Rowan Saunders President and CEO	3 times salary	213,650	6,309,085	139,464	4,118,372	-	-	10,427,457	11.3
Philip Mather EVP and Chief Financial Officer	2 times salary	61,367	1,812,168	35,229	1,040,312	-	-	2,852,480	6.3
Fabian Richenberger EVP, Commercial Insurance	2 times salary	45,467	1,342,641	39,124	1,155,332	-	-	2,497,973	5.2
Paul MacDonald EVP, Personal Insurance	2 times salary	56,577	1,670,719	31,259	923,078	-	-	2,593,797	6.3
Innes Dey SVP, Legal and Strategy	2 times salary	58,021	1,713,360	50,044	1,477,799	-	-	3,191,159	7.5

Notes:

<sup>(1)</sup> The value is based on the closing Common Share price on the TSX on December 31, 2021 of \$29.53.

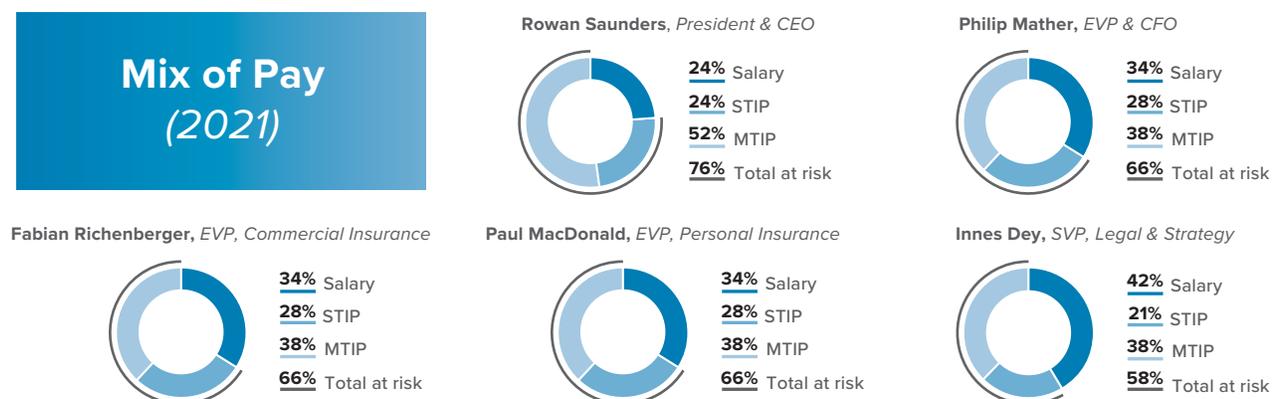
## COMPENSATION ELEMENTS

Our compensation programs balance fixed and variable pay, short-, medium- and long-term performance criteria with overlapping performance periods.

Element and purpose	Performance period	Key features
<b>Salary</b> <i>To compensate executives competitively for their role at Definity.</i>	1 year	<ul style="list-style-type: none"> <li>Fixed amount earned and paid during the year</li> <li>Typically reviewed annually but not necessarily adjusted</li> <li>Normally set around the market median</li> <li>Levels determined based on individual performance, experience, competencies, accountabilities, and competitive market data</li> </ul>
<b>Short-term incentive</b> <i>To drive and reward the achievement of corporate, strategic, and individual priorities during the year.</i>	1 year	<ul style="list-style-type: none"> <li>Target value determined based on the role and expressed as a percentage of salary</li> <li>Final award contingent on HRCC's assessment of performance against pre-determined financial, operating and strategic goals and paid in cash (with opportunity to elect to receive a percentage in the form of DSUs)</li> <li>80% corporate; 20% individual (for 2022, the weighting will change to 75% corporate and 25% individual)</li> </ul>
<b>Long-term incentives - Performance Share Units</b> <i>To provide a strong link to longer-term corporate and market performance and creating shareholder value.</i>	3 years	<ul style="list-style-type: none"> <li>Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price</li> <li>Value of dividends on Common Shares is accrued over the 3-year performance period</li> <li>60% of long-term incentive grant (for 2022 grants, proportion has changed to 70%)</li> <li>Number of units that vest is subject to the level of performance achieved against predetermined threshold, target and maximum levels, as determined by the HRCC</li> <li>The final settlement may be made in cash or shares</li> </ul>
<b>Long-term incentives - Restricted Share Units</b> <i>To pay for sustainable long-term performance and creating shareholder value.</i>	3 years	<ul style="list-style-type: none"> <li>Notional units are granted based on a target level of long-term incentive compensation and track the Common Share price</li> <li>Value of dividends on Common Shares is accrued over the vesting period</li> <li>40% of LTIP grant (for 2022 grants, proportion has changed to 30%)</li> <li>The final settlement may be made in cash or shares</li> </ul>
<b>Long-term incentives - Deferred Share Units</b> <i>Assist in achieving share ownership expectations and encourage long-term decision making and shareholder alignment.</i>	Career	<ul style="list-style-type: none"> <li>Executives may defer a portion or all of their short-term incentive into notional units that track the Common Share price</li> <li>Value of dividends on Common Shares is accrued over the vesting period</li> <li>Units are redeemable following cessation of employment</li> <li>The final payment is made in cash</li> </ul>
<b>Benefits, Perquisites and Retirement Savings</b> <i>To provide executives with market-typical benefits</i>	Career	<ul style="list-style-type: none"> <li>Includes pension (see "Compensation Discussion &amp; Analysis – Retirement Benefits"), group life and health insurance, annual cash allowance (in lieu of perquisites), and opportunity to participate in the Definity Share Ownership Plan (as defined below)</li> </ul>

## Target Pay Mix for NEOs

To align with the Company's pay for performance compensation philosophy and emphasis on longer-term value creation, a significant portion of the NEOs' pay is made up of short- and long-term incentives and linked to our corporate goals and objectives. In determining the pay mix, the HRCC considers market practice, level of pay, and line-of-sight to the overall Company performance.



## Base Salary

Base salaries are initially established in the NEOs' respective employment agreements and reviewed annually by the HRCC. In making adjustments, if any, the HRCC considers positioning against the competitive market, the executive's level of responsibility, experience and individual performance, and internal equity.

Name	2021 Salary	2022 Salary	% increase 2021 – 2022
Rowan Saunders	925,000	1,000,000	8%
Philip Mather	450,000	500,000	11%
Fabian Richenberger	485,000	550,000	13%
Paul MacDonald	415,000	450,000	8%
Innes Dey	425,000	450,000	6%

## Short-term Incentive

The Short-term Incentive Plan ("STIP") is designed to reward executives for achieving key financial, operating, strategic, and individual performance objectives by providing an annual cash award.

### Target STIP opportunities

The target STIP opportunity is communicated to participants at the beginning of the fiscal year. Depending on actual performance relative to the set performance objectives, the actual awards may range from 0% to 200% of the target award. The 2021 STIP targets as a percentage of salary for the NEOs are as follows:

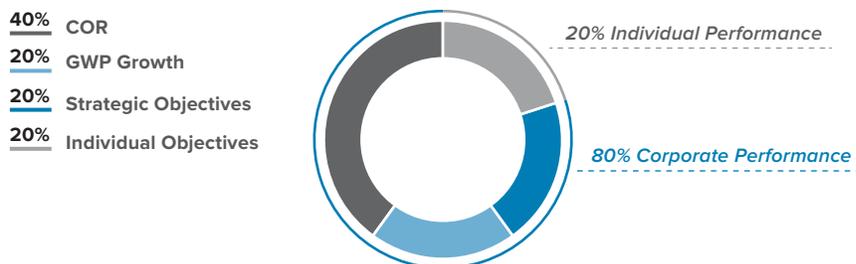
Name	Minimum Award (% of salary)	Target Award (% of salary)	Maximum Award (% of salary)
Rowan Saunders	0%	100%	200%
Philip Mather	0%	80%	160%
Fabian Richenberger	0%	80%	160%
Paul MacDonald	0%	80%	160%
Innes Dey	0%	50%	100%

### STIP performance measures

The STIP performance measures are aligned with our areas of strategic focus, including certain financial and business objectives. Each year performance measures are identified, and threshold, target, and maximum performance goals are established based on our strategic plan.

For Fiscal 2021, the STIP measures focused on COR, GWP growth, and important strategic objectives related to our key divisions (commercial, Sonnet, and broker-distributed personal insurance) as well as our transition to a publicly traded company. In addition to corporate performance measures, which in 2021 reflected 80% of the performance multiplier, the STIP included individual performance measures (20% of the performance multiplier) aligned to each NEO's personalized goals and objectives. These individual objectives included goals reflecting certain of the Company's ESG goals.

#### STIP Performance Measures



COR is a standard ratio used in insurance organizations to understand the ratio of claims and expenses being paid relative to the premiums being collected. For STIP purposes, COR is calculated as claims and adjustment expenses (not including discounting), commissions, operating expenses (net of other underwriting revenues), and premium taxes for the year divided by net earned premiums. Net earned premiums are defined as the portion of net written premiums (defined as GWP less the cost of reinsurance coverage) equal to the expired period of time an insurance policy is in effect in the current period presented.

GWP growth is the increase or change in gross written premiums for the year, divided by the premium base at the beginning of the year. It is also a standard measure of financial performance among insurance organizations.

Strategic objectives are qualitative and quantitative objectives approved by the HRCC that align to our strategic operating plan. Each initiative is assessed against our goals, plans, and budget, as applicable.

ESG performance metrics are currently included in the NEOs' individual objectives. These metrics focus on employee engagement, the diversity, equity and inclusion strategy and pipeline, and ensuring employees work within and comply with the organization's risk parameters.

#### 2021 STIP awards

The following table summarizes the awards under the STIP for 2021 performance.

Name	Salary (\$)	x	STIP Target	COR Mult	GWP Mult	SI Mult	Total Mult	=	2021 Total STIP (\$) <sup>1</sup>
Rowan Saunders	925,000		100%	200%	200%	100%	180%		1,665,000
Philip Mather	450,000		80%	200%	200%	100%	180%		648,000
Fabian Richenberger	485,000		80%	200%	200%	100%	170%		659,600
Paul MacDonald	415,000		80%	200%	200%	100%	165%		547,800
Innes Dey	425,000		50%	200%	200%	100%	165%		350,625

#### Notes:

<sup>1</sup> Represents annual bonus amounts under the STIP for each NEO. Messrs. Mather, Richenberger and Dey elected to convert 50%, 25% and 100% respectively of their 2021 STIP into DSUs in accordance with the DSU Plan. See "Compensation Discussion & Analysis – Summary of Securities Based Compensation Arrangements – Executive Deferred Share Unit Plan" for more information.

#### Changes for fiscal year 2022

For Fiscal 2022, the STIP measures continue to focus on corporate financial and operating performance, with operating net income replacing the strategic objectives. As a publicly-traded insurer, COR and GWP growth continue to be key metrics of our success at managing our profitability and growth strategies. The addition of operating net income emphasizes the importance of managing a profitable organization that provides value for its shareholders on an annual basis. For 2022, the corporate and individual performance measures are 75% and 25%, respectively.

Operating net income is the net income less (or plus) non-operating gains (losses) net of applicable income taxes. Management uses operating net income to measure and evaluate the ongoing operational performance of the business.

#### Changes for Fiscal Year 2022



#### Deferred share units

The Company has adopted the Definity Executives' Deferred Share Unit Plan ("Executive DSU Plan") designed to facilitate equity ownership over the executive's career with Definity. The plan allows for the deferral of the short-term incentive award over the executive's career with Definity.

Each DSU granted notionally represents the value of one Common Share on the date of grant. Participants are credited on the date that the annual STIP payment would otherwise be payable with a number of DSUs equal to the portion of the STIP payment elected in DSUs divided by the volume weighted average trading price per Common Share on the TSX during the immediately preceding five trading days ("Market Value"). Additional partial DSUs are credited to each DSU participant equal to the value of cash dividends paid on the same number of Common Shares, based on the Market Value of a Common Share at the time cash dividends are paid on the Common Shares.

DSUs are redeemable following the cessation of employment. On or after the cessation of employment (but in no event later than December 31 of the calendar year following the year in which the employment ceases), the DSUs will be settled in cash, with the amount payable determined by multiplying the number of DSUs by the Market Value on such date.

#### Long-term Incentives

The HRCC annually reviews the number of long-term incentive units to be awarded to NEOs and other participants. In addition, the HRCC will review the number of Common Shares reserved for issuance under the Long-term Incentive Plan ("LTIP") and Stock Option Plan (as defined below) that remain available, and limitations on grants to insiders.

#### 2021 grants

In 2021, prior to the Company being publicly-traded and consistent with previous years, NEOs were granted restricted units ("RUs") and PUs under the MTIP. These units were designed to pay out at the end of a three-year period and, prior to completion of the IPO, appreciated and depreciated with Definity Insurance's book value. Following completion of the IPO and in accordance with the terms of the MTIP, these units were adjusted so that such awards appreciate and depreciate with our Common Share price. No further awards will be granted under the MTIP.

For 2021, the target incentive grant levels and the mix between PUs and RUs for the NEOs is outlined below.

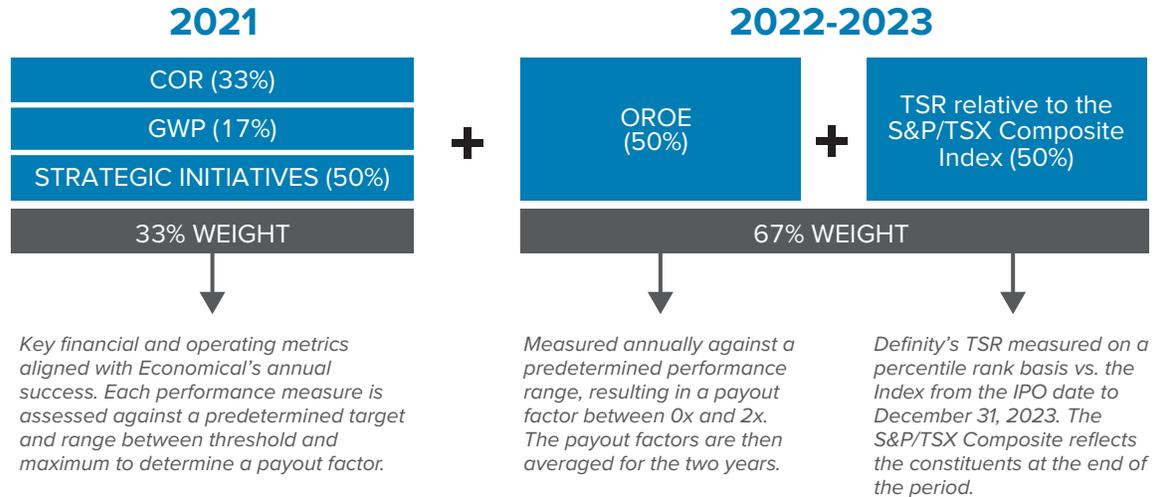
Name	Target (% of base salary)	Medium-Term Incentive Plan Mix	
		PUs	RUs
Rowan Saunders	220%	60%	40%
Philip Mather	110%	60%	40%
Fabian Richenberger	110%	60%	40%
Paul MacDonald	110%	60%	40%
Innes Dey	90%	60%	40%

#### Performance share units

The Company has adopted the LTIP for certain employees of Definity and its subsidiaries, as selected by the CEO and approved by the HRCC. PSUs are granted under the LTIP.

Each PSU notionally represents the value of one Common Share on the date of grant. Additional partial PSUs are credited to each PSU participant equal to the value of cash dividends paid on the same number of Common Shares, based on the Market Value at the time cash dividends are paid on the Common Shares.

The HRCC annually determines the terms of the PSU grants including the performance period and performance measures, considering the recommendations from the CEO and advice from external advisors. The number of PSUs vesting can range from 0% to 200% of target number of units based on actual performance at the end of three years against select performance measures aligned with the long-term business strategy. Pre-IPO measures included key financial, operating, and strategic objectives to reward executives for delivering on key strategic initiatives while achieving strong annual performance. Post-IPO performance measures include a balance of financial and market objectives to continue to reward executives for strong performance aligned with creating value for shareholders.



Percentile Rank	Multiplier
75th	2x
50th	1x
25th	0.5x
<25th	0x

The PSUs vest at the end of a three-year period and may be settled in cash or in Common Shares, at the discretion of the HRCC. If settled in cash, the participant will receive, subject to any withholding obligations, a lump sum payment equal to the number of vested PSUs held by the participant multiplied by the Market Value on such date. If settled in Common Shares, the participant will receive, subject to any withholding obligations, the number of Common Shares that is equal to the number of vested PSUs.

*Restricted share units*

The LTIP provides for grants of RSUs to certain employees of Definity and its subsidiaries, as selected by the CEO and approved by the HRCC. The RSUs operate similarly to the PSUs, but without the performance conditions. Each RSU notionally represents the value of one Common Share on the date of the grant. Additional partial RSUs will be credited to each RSU participant equal to the value of cash dividends paid on the same number of Common Shares, based on the Market Value at the time cash dividends are paid on the Common Shares.

A participant's award will vest at the end of the applicable performance period and may be settled in cash or in shares, at the discretion of the HRCC. If settled in cash, the participant will receive, subject to any withholding obligations, a lump sum payment equal to the number of vested RSUs held by the participant multiplied by the Market Value on such date. If settled in Common Shares, the participant will receive, subject to any withholding obligations, the number of Common Shares that is equal to the number of vested RSUs.

*Awards paid for the 2019 – 2021 performance period*

Following completion of the IPO, RUs and PUs were adjusted so that such awards appreciate or depreciate with our Common Share price. In addition, the number of PUs that vested was contingent on Definity Insurance's performance against pre-established targets for COR, GWP growth, and strategic initiatives in each year.

	2019	2020	2021
<b>Measure (in-year weighting)</b>	COR (33%), GWP (17%), Strategic initiatives (50%)	COR (33%), GWP (17%), Strategic initiatives (50%)	COR (33%), GWP (17%), Strategic initiatives (50%)
<b>Weighting</b>	1/3	1/3	1/3

The performance factor for the PUs was 150%.

*2022 long-term incentive grants*

In 2022, the NEOs were granted PSUs and RSUs under the LTIP, weighted 70% and 30% respectively. Grants of PSUs and RSUs to Mr. Saunders were 275% of his 2022 base salary and grants to the other NEOs were made at the same target levels (as a percentage of their 2022 salary) as 2021. The PSUs and RSUs will vest at the end of three years, with the PSUs vesting based on performance against operating ROE targets as well as Total Shareholder Return relative to the S&P/TSX Composite Index.

*Stock options*

The Company has a stock option plan (the "Stock Option Plan") designed to focus and reward executives for sustained performance and creating long-term Shareholder value. No stock options were granted in 2021 and no options will be granted until the expiry of the one-year restricted period under the regulations relating to Demutualization.

**CEO's Award Program**

In early 2019, the board of Definity Insurance approved a non-recurring special program intended to help ensure continuity of management, strategy and execution of our business priorities during a defined period. Under this program, a small number of key individuals, including each of the NEOs, received one-time deferred cash awards. Awards ranged up to \$1,250,000 per participant, with one-third paid to participants in mid-2020 and the remainder payable to participants (subject to certain conditions) in December 2022.

**Benefits and perquisites**

All executives participate in a group benefits plan that provides health, dental, and out-of-country benefits coverage on a cost-sharing basis. In addition, executives receive an annual cash allowance in lieu of a perquisite program.

**COMPENSATION DETAILS — INDIVIDUAL PAY AND PERFORMANCE OUTCOMES****ROWAN SAUNDERS**

President and Chief Executive Officer

Mr. Saunders joined the Company in November 2016. His key responsibilities include the establishment of, in conjunction with the Board and Management, the Company's purpose, vision, business objectives and strategy. He is also responsible for developing and implementing the strategic plan and annual and longer-term objectives.

In 2021, his key accomplishments included:

- very strong financial performance with COR at 93.1%, GWP growth of 14.8% and an increase to equity of over \$500 million;
- strong growth in Sonnet, our digital platform, including accelerated growth in our affinity market;
- pandemic well managed with respect to business impacts, continued high employee engagement and robust plans developed for return to office when safe; and
- successful completion of Demutualization and the IPO.

Pay Mix	2021	
	Target (\$)	Actual (\$)
Salary	925,000	925,000
Short-term incentive	925,000	1,665,000
<b>Total cash</b>	1,850,000	2,590,000
MTIP (PUs, RUs)	2,035,000	2,035,000
Stock options	-	-
<b>Total direct compensation</b>	3,885,000	4,625,000



**PHILIP MATHER**

EVP and Chief Financial Officer

Mr. Mather has been with the Company since 2011 and his key accountabilities include providing financial and business leadership and partnering with the other senior business leaders and function heads to establish annual and three-year financial plans.

In 2021, his key accomplishments included:

- well managed and successfully completed IPO, with very strong investor relations initiatives;
- oversight and execution of the private placements in conjunction with the IPO;
- continued strong and effective engagement with Actuarial function; and
- further enhancements and maturity for capital management.

Pay Mix	2021	
	Target (\$)	Actual (\$)
Salary	450,000	450,000
Short-term incentive	360,000	648,000
<b>Total cash</b>	810,000	1,098,000
MTIP (PUs, RUs)	495,000	495,000
Stock options	-	-
<b>Total direct compensation</b>	1,305,000	1,593,000



**FABIAN RICHENBERGER**

EVP, Commercial Insurance

Mr. Richenberger has been with the Company since 2017, responsible for establishing the vision and strategy for the commercial business lines and executing annual business plans.

In 2021, his key accomplishments included:

- excellent financial performance in the commercial insurance portfolio, with strong GWP growth and continued improvement in COR;
- solid progress in creating a market-leading proposition in each strategic market segment, based on clear strategies for each;
- strong reputation with and support from strategic national and key regional brokers; and
- continued very strong employee engagement scores.

Pay Mix	2021	
	Target (\$)	Actual (\$)
Salary	485,000	485,000
Short-term incentive	388,000	659,600
<b>Total cash</b>	873,000	1,144,600
MTIP (PUs, RUs)	533,500	533,500
Stock options	-	-
<b>Total direct compensation</b>	1,406,500	1,678,100

**PAUL MACDONALD**

EVP, Personal Insurance

Mr. MacDonald joined the Company in 2018 to lead our personal insurance business. He is accountable for establishing the strategy for our personal lines and overseeing the continued profitability and growth of this large business line.

In 2021, his key accomplishments included:

- strong financial performance for Personal Insurance with growth and retention above plan;
- strong COR results;
- continued enhancements and utilization of our broker platform (Vyne); and
- continued strengthening of technical capabilities and leadership.

Pay Mix	2021	
	Target (\$)	Actual (\$)
Salary	415,000	415,000
Short-term incentive	332,000	547,800
<b>Total cash</b>	<b>747,000</b>	<b>962,800</b>
MTIP (PUs, RUs)	456,500	456,500
Stock options	-	-
<b>Total direct compensation</b>	<b>1,203,500</b>	<b>1,419,300</b>

**INNES DEY**

SVP, Legal and Strategy

Mr. Dey has been with the Company since 2011, leading our Legal and Strategy functions. A key accountability has been the management of the Demutualization process.

In 2021, his key accomplishments included:

- successful completion of the Demutualization process, including securing all required policyholder and regulatory approvals;
- completion of extensive enterprise-wide public company readiness activities;
- very strong legal partnership and completion of IPO and private placements;
- development of a comprehensive ESG strategy and principles, including governance and targets to support climate and diversity objectives; and
- support in the development of the Definity Insurance Foundation's operational capabilities.

Pay Mix	2021	
	Target (\$)	Actual (\$)
Salary	425,000	425,000
Short-term incentive	212,500	350,625
<b>Total cash</b>	<b>637,500</b>	<b>775,625</b>
MTIP (PUs, RUs)	382,500	682,500 <sup>1</sup>
Stock options	-	-
<b>Total direct compensation</b>	<b>1,020,000</b>	<b>1,458,125</b>

Note:

<sup>1</sup> Mr. Dey was provided with an additional one time grant of Restricted Units in 2021 to recognize his strong performance over the performance period.

## SUMMARY COMPENSATION TABLE

The following table sets out information concerning the compensation earned by the NEOs for the most recently completed financial year:

Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$)	Non-equity incentive plan compensation (\$)			All other compensation <sup>(5)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(3)</sup>	Long-term incentive plans	Pension value <sup>(4)</sup> (\$)		
<b>Rowan Saunders</b> President and Chief Executive Officer	2021	925,000	2,035,000	-	1,665,000	-	708,500	51,435	5,384,935
<b>Philip Mather</b> EVP and Chief Financial Officer	2021	449,769	495,000	-	648,000	-	29,210	75,267	1,697,246
<b>Fabian Richenberger</b> EVP, Commercial Insurance	2021	485,000	533,500	-	659,600	-	29,210	82,352	1,789,662
<b>Paul MacDonald</b> EVP, Personal Insurance	2021	415,000	456,500	-	547,800	-	29,210	67,129	1,515,639
<b>Innes Dey</b> SVP, Legal and Strategy	2021	424,231	682,500	-	350,625	-	29,210	61,994	1,548,560

### Notes:

<sup>(1)</sup> Represents base salary earned during the year.

<sup>(2)</sup> Represents the grant date fair market value of RUs and PUs granted to each NEO. The units were granted at a price of \$17.48 and the NEOs received the following number of units: Saunders (46,568 RU, 69,851 PU), Mather (11,327 RU, 16,991 PU), Richenberger (12,208 RU, 18,312 PU), MacDonald (10,446 RU, 15,669 PU) and Dey (25,915 RU and 13,129 PU).

<sup>(3)</sup> Represents annual bonus amounts under the STIP for each NEO. Messrs. Mather, Richenberger and Dey elected to convert 50%, 25% and 100% respectively of their 2021 STIP into DSUs in accordance with the DSU Plan. See "Compensation Discussion & Analysis – Summary of Securities Based Compensation Arrangements – Executive Deferred Share Unit Plan" for more information.

<sup>(4)</sup> The amounts in this column for Mr. Saunders represent the compensatory value of our defined benefit pension plan and supplementary pension plan as at December 31, 2021. The amounts in this column for Messrs. Mather, Richenberger, MacDonald and Dey represent the compensatory value of our defined contribution pension plan as at December 31, 2021.

<sup>(5)</sup> The amounts in this column represent contributions by the Company to each NEO's employee share ownership program, supplementary pension plan and interest accrued on each NEO's supplementary pension plan. Mr. Saunders also receives a commuting allowance. Perquisites or other personal benefits to NEOs do not, in the aggregate, exceed \$50,000 or 10% of their base salary.

## INCENTIVE PLAN AWARDS

The following table sets out all outstanding share-based awards for each NEO as at December 31, 2021. There are no option-based awards outstanding as at December 31, 2021.

Name	Share-Based Awards		
	Number of shares or units of shares that have not vested <sup>(1)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Rowan Saunders</b>	348,658	10,295,871	-
<b>Philip Mather</b>	88,074	2,600,825	-
<b>Fabian Richenberger</b>	97,809	2,888,300	-
<b>Paul MacDonald</b>	78,147	2,307,681	-
<b>Innes Dey</b>	89,683	2,648,339	-

### Notes:

<sup>(1)</sup> Outstanding RUs and PUs granted pursuant to the MTIP.

<sup>(2)</sup> Represents market value as of December 31, 2021 under the MTIP in respect of RUs and PUs (valued assuming a performance factor of 100%), based on December 31, 2021 TSX closing price of \$29.53.

The following table sets out the value of incentive plan awards vested or earned for each NEO during the past year.

Name	Share-based awards – Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation – Value earned during the year <sup>(2)</sup> (\$)
<b>Rowan Saunders</b>	2,124,842	1,665,000
<b>Philip Mather</b>	487,188	648,000
<b>Fabian Richenberger</b>	691,240	659,600
<b>Paul MacDonald</b>	551,345	547,800
<b>Innes Dey</b>	370,563	350,625

Notes:

<sup>(1)</sup> Represents payout value under the MTIP in respect of RUs and PUs granted in 2018.

<sup>(2)</sup> Represents annual bonus under the STIP. Messrs. Mather, Richenberger and Dey elected to convert 50%, 25% and 100% respectively of their 2021 STIP into DSUs in accordance with the DSU Plan. See “Compensation Discussion & Analysis – Summary of Securities Based Compensation Arrangements – Executive Deferred Share Unit Plan” for more information.

## SUMMARY OF SECURITIES BASED COMPENSATION ARRANGEMENTS

### Stock Option Plan

The aggregate number of Common Shares reserved for issuance upon the exercise of all Options granted under the Stock Option Plan and upon vesting of awards under the LTIP may not exceed 5,500,000 Common Shares (the “Equity Award Pool Limit”). No Options may be granted on terms requiring settlement in newly issued Common Shares if such grant would have the effect of causing the total number of Common Shares subject to the Stock Option Plan (together with those Common Shares which may be issued pursuant to any other security-based compensation arrangement provided by the Company) to exceed the Equity Award Pool Limit.

In addition, (a) the maximum number of Common Shares issued to insiders within any one-year period pursuant to the Stock Option Plan, together with Common Shares issued to insiders under all other security-based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares, and (b) the maximum number of Common Shares issuable to insiders, at any time, pursuant to the Stock Option Plan, together with Common Shares issuable to insiders under all other security-based compensation arrangements provided by the Company, shall not exceed 10% of the issued and outstanding Common Shares. For more information on the Stock Option Plan, see Appendix C – Securities Based Compensation Arrangements – Stock Option Plan.

### Long-term Incentive Plan

The aggregate number of Common Shares that may be issued pursuant to the LTIP at any time shall not (together with Common Shares reserved for issuance upon exercise of Options issued under the Stock Option Plan) exceed the Equity Award Pool Limit. No RSUs or PSUs will be granted on terms requiring settlement in newly issued Common Shares if such grant would have the effect of causing the total number of Common Shares subject to the LTIP (together with Common Shares which may be issued pursuant to any other security-based compensation arrangement provided by the Company) to exceed the Equity Award Pool Limit.

In addition, (a) the maximum number of Common Shares issued to insiders within any one-year period pursuant to the LTIP, together with Common Shares issued to insiders under all other security-based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares and (b) the maximum number of Common Shares issuable to insiders, at any time, pursuant to the LTIP, together with Common Shares issuable to insiders under all other security-based compensation arrangements provided by the Company, shall not exceed 10% of the issued and outstanding Common Shares. For more information on the Long-term Incentive Plan, see Appendix C – Securities Based Compensation Arrangements - Long-term Incentive Plan.

### Executive Deferred Share Unit Plan

The Executive DSU Plan provides eligible executives with the opportunity to elect to receive a portion of their annual STIP payment in the form of DSUs, representing a unit equivalent in value to a Common Share in accordance with the terms of the Executive DSU Plan. Such DSUs are fully vested upon being credited to an eligible executive’s account.

The eligible executive, or the beneficiary of an eligible executive, is entitled to redeem the DSUs following the eligible executive’s death, disability, resignation or retirement from the Company or termination (with or without cause) as an employee, or if such eligible executive becomes a member of the Board, upon resignation or retirement as a director. All DSUs granted under the Executive DSU Plan, and any payments made under the Executive DSU Plan in respect of any DSUs, are subject to clawback or recoupment as permitted or mandated by applicable law, rules, regulations or any Company policy as enacted, adopted or modified from time to time.

## Securities Authorized for Issuance Under Equity Compensation Plans

At December 31, 2021, there were no Options outstanding under the Stock Option Plan and no equity grants outstanding under the Long-term Incentive Plan, representing a burn rate of 0%.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, PSUs and RSUs	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance equity compensation plans
Equity compensation plans approved by security holders	–	–	5,500,000
Equity compensation plans not approved by security holders	–	–	–
Total	–	–	5,500,000

For more information on the equity compensation plans, see Appendix C – Securities Based Compensation Arrangements.

## RETIREMENT BENEFITS

Our retirement benefits include registered pension plans and a supplementary pension plan:

- Rowan Saunders participates in the defined benefit pension plan and the supplementary pension plan
- Philip Mather, Fabian Richenberger, Paul MacDonald, and Innes Dey participate in the defined contribution pension plan and the supplementary pension plan

### Defined benefit pension plan

We closed the defined benefit pension plan to new entrants in 2003. However, Mr. Saunders was added to the plan in November 2016 as part of the terms of his employment.

The defined benefit pension plan pays a monthly pension when the executive retires, according to the following terms. Normal retirement age is 65, but employees can retire earlier (from age 55) as long as they have worked full-time for at least two years. Pension benefits are unreduced starting at age 62.

<b>How the pension amount is calculated</b>	Years of credited service x 2% of the average salary and short-term incentive (up to target) for the best five years of service (adjusted if the participant has less than five years of active service).
<b>Payments depend on retirement age</b>	Retirement at age 62 or higher – full pension. Retirement between 55 and 62 – pension benefit is reduced by 0.5% for each month following the date of retirement until age 62.
<b>When payments begin</b>	Payments begin on the first day of the month after the participant's retirement date and continue to be paid every month until he or she dies.
<b>What happens when the participant dies</b>	<p>If the participant is single at retirement and dies before receiving 120 monthly payments, the participant's beneficiary will receive:</p> <ul style="list-style-type: none"> <li>• monthly payments until a total of 120 payments have been made, or</li> <li>• the value of the remaining payments in a lump sum.</li> </ul> <p>If the participant has a spouse at retirement, the monthly payments will be reduced to 60% and paid to the spouse until he or she dies. If the spouse has predeceased the participant, pension benefits end with the participant's death and monthly payments stop.</p>

### Supplementary pension plan

The Income Tax Act (Canada) limits the benefits that can be paid by defined benefit pension plans. We use the supplementary pension plan to top up the pension benefits earned under the defined benefit pension plan. Monthly payments begin and are made at the same time payments are made under the defined benefit pension plan.

We prefund all or some of the payments through a retirement compensation arrangement (as defined in the Income Tax Act (Canada)). We can cancel the supplementary pension plan and close the retirement compensation arrangement at any time.

#### Defined benefit obligation

The table below shows:

- years of credited service at the end of 2021 for Mr. Saunders,

- the estimated annual benefit payable under the defined benefit pension plan and the supplementary pension plan, and
- a reconciliation of the defined benefit obligation from December 31, 2020 to December 31, 2021, calculated using the same assumptions and methods used in our 2021 financial statements.

Name	Number of years of credited service <sup>(#)</sup>	Annual benefits payable		Opening present value of defined benefit obligation <sup>(2)</sup> (\$)	Compensatory change <sup>(3)</sup> (\$)	Non-compensatory change <sup>(4)</sup> (\$)	Closing present value of defined benefit obligation <sup>(5)</sup> (\$)
		At year end (\$)	At age 65 <sup>(1)</sup> (\$)				
Rowan Saunders	5.167	173,803	438,961	2,809,100	708,500	(129,400)	3,388,200

## Notes:

<sup>(1)</sup> The information shown in this column was determined based on the final average earnings of the participant as at December 31, 2021 and years of credited service projected up to age 65 (assuming full-time employment).

<sup>(2)</sup> The information shown in this column was determined by using the same assumptions and methods used for December 31, 2020 financial statement reporting purposes.

<sup>(3)</sup> Includes employer service cost (total service cost net of employee contributions), differences between actual and estimated earnings and any additional changes that have a retroactive impact.

<sup>(4)</sup> Includes all items that are not compensatory, such as an interest cost on the liability and service cost, employee contributions and a change in the discount rate (from 2.50% to 2.90%)

<sup>(5)</sup> The information shown in this column was determined by using the same assumptions and methods used for December 31, 2021 financial statement reporting purposes and the actual 2021 pensionable earnings of \$1,850,000 (Basic Salary: \$925,000; Bonus \$925,000)

### Defined contribution pension plan

The amount in each executive's defined contribution pension plan depends on how long the executive has been working at the Company, the amount of his or her pensionable earnings, and the investment returns generated by the plan's assets. Participating executives have access to this benefit when they retire.

<b>How the employer contribution is calculated</b>	<p>We contribute 8% of each year's pensionable earnings to the executive's defined contribution plan.</p> <p>Pensionable earnings are defined as each year's salary + short-term incentive (the actual bonus earned, or the target for the year — whichever is lower).</p> <p>Executives can also make voluntary contributions to an employee savings plan. We match these contributions dollar for dollar, contributing up to a maximum of 3.5% of pensionable earnings to the executive's defined contribution plan.</p>
<b>The value of the benefit</b>	At retirement, the accumulated value of the executive's defined contribution plan may either be transferred to a locked-in retirement vehicle or used to purchase a life annuity.
<b>What happens when the participant dies</b>	<p>If the participant is single at retirement, the participant's beneficiary will receive the total amount in the defined contribution plan, including interest, in a lump sum.</p> <p>If the participant has a spouse at retirement, the spouse will receive the total amount in the defined contribution plan, including investment returns, in a lump sum or as a transfer to a registered retirement savings plan ("RRSP").</p>

#### Supplementary pension plan

The defined contribution pension plan is governed by pension legislation that limits annual contributions. We automatically credit any contributions we make that exceed this limit to the supplementary pension plan. All credits to the supplementary pension plan are made to an unfunded notional account and are tracked and recorded.

The balance in the notional account earns interest and accumulates tax-free (similar to a RRSP). When the executive leaves the Company, retires or dies, the full value of their notional account is paid out and is fully taxable at that time.

#### Defined contribution obligation

The table below shows:

- the value of each executive's defined contribution pension plan and notional account as of January 1, 2021,
- contributions made by the Company to the defined contribution pension plan and notional account in 2021 (the compensatory change), and

- the accumulated value of our contributions plus the value of the notional account (with investment returns) at December 31, 2021.

Defined contribution obligation	Accumulated value at start of year (\$)	Compensatory change (\$)	Accumulated value at year end (\$)
Philip Mather	799,478	86,741	963,952
Fabian Richenberger	333,412	100,395	454,751
Paul MacDonald	208,876	81,133	308,719
Innes Dey	584,987	70,349	699,053

## OTHER BENEFITS

Each NEO, as well as all other employees of the Company and certain of its subsidiaries, can participate in the employee share ownership plan (the “Definity Share Ownership Plan”) pursuant to which employees have the opportunity to invest in Common Shares through voluntary personal contributions and employer contributions. Eligible employees of the Company and its subsidiaries are permitted to invest in Common Shares through payroll deductions up to a maximum percentage of their base salary and the Company or the relevant subsidiary, as applicable, will match 100% of such contributions up to an annual maximum amount of \$1,500. All purchases of Common Shares under the Definity Share Ownership Plan, whether through personal or employer contributions, are made in the open market.

## EMPLOYMENT AGREEMENTS, TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has written employment agreements and change of control agreements with each of the NEOs. Each NEO is entitled to receive compensation established by the Company, as well as other benefits in accordance with plans available to the most senior employees.

### Confidentiality and Restrictive Covenants

Our employment agreements with the NEOs include confidentiality obligations that apply during the course of employment and afterwards. NEOs may not, without authorization, disclose any confidential information (unless required by law and prior written notice is provided to the Company), and they must return all confidential information when they leave the Company.

During the course of employment and for 9-12 months afterwards, NEOs cannot without our consent be employed by, carry on business with, or (other than minimal holdings of publicly-traded shares) hold a financial interest in another property and/or casualty insurer in Canada or be responsible for business activities that are competitive with the Company’s business activities.

During the course of employment and for one year afterwards, NEOs cannot, without our consent, solicit any of the Company’s customers, suppliers, or business partners for any purpose that would compete with the Company or reduce the Company’s business. During the same period, NEOs also cannot, without our consent, solicit for hire any Company employees.

### Termination and Change of Control Benefits

We have change of control agreements with each NEO that entitle them to payments if there is a change of control of the Company.

We also have employment agreements with each of the NEOs that stipulate their severance entitlements in certain other circumstances.

Our change of control provisions are “double-trigger,” which means they only take effect when there is a change of control and termination of employment, either by us without cause or by the executive for good reason (as defined in the relevant agreements), within 18 months after a change of control.

The table below summarizes the terms for the incremental payments we will make to the NEOs when employment is terminated or there is a change in control of the Company (based on our compensation plans in effect as of December 31, 2021). These terms are either specified in each executive’s employment agreement or defined by the terms of the compensation plans. If a term isn’t specified, it is determined by common law.

*Summary of termination and change-of-control provisions*

	Retirement	Voluntary resignation <sup>(1)</sup>
<b>Severance</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Any salary that was scheduled to be paid in the resignation notice period</li> </ul>
<b>Short-term incentive</b>	<ul style="list-style-type: none"> <li>• Pro-rated</li> </ul>	<ul style="list-style-type: none"> <li>• Any award that was scheduled to be paid during the resignation notice period</li> </ul>
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>• Vests after the end of the performance period</li> <li>• Payout is based on performance (as determined by the HRCC)</li> </ul>	<ul style="list-style-type: none"> <li>• Any award that was scheduled to be paid during the resignation notice period</li> </ul>
<b>All other compensation</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Perquisites that were scheduled to be paid in the resignation notice period</li> <li>• Continuation of any Company-subsidized benefits plans for the resignation notice period</li> </ul>

Termination for just cause	Termination without cause	Termination without cause after change of control <sup>(2)</sup>
<ul style="list-style-type: none"> <li>Outstanding salary</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding salary</li> <li>A severance payment equal to an amount that represents between 12 to 24 months of both (i) the named executive's monthly salary and (ii) pro-rated, monthly STIP entitlement valued at target</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding salary</li> <li>18-24 months of salary (highest salary at any time during the 36 months before the termination)</li> <li>18-24 months of short-term incentive valued at target</li> </ul>
<ul style="list-style-type: none"> <li>Forfeited</li> </ul>	<ul style="list-style-type: none"> <li>Any unpaid award that was earned for the most recently-completed fiscal year</li> <li>The award for the year of termination calculated at target but pro-rated for the period of employment prior to termination</li> </ul>	<ul style="list-style-type: none"> <li>Any unpaid award that was earned for the most recently-completed fiscal year</li> <li>Target award, pro-rated for number of complete months in the fiscal year of the termination up to the termination date</li> </ul>
<ul style="list-style-type: none"> <li>Forfeited</li> </ul>	<ul style="list-style-type: none"> <li>Payment in respect of any units that have vested but are not yet paid out</li> <li>All other units forfeited</li> </ul>	<ul style="list-style-type: none"> <li>Units vest immediately, as though all performance conditions have been met (unless the HRCC determines otherwise)</li> </ul>
<ul style="list-style-type: none"> <li>Outstanding perquisite payments</li> </ul>	<ul style="list-style-type: none"> <li>Continued participation in all benefit plans, perquisites and pension plan for the statutory notice period</li> <li>A lump sum payment equal to 15% of the severance payment amount in lieu of future contributions to the named executive's pension and benefit plans</li> <li>\$10,000 of professional outplacement services</li> <li>Awards under CEO's Award Program</li> </ul>	<p>Mr. Saunders:</p> <ul style="list-style-type: none"> <li>Continued participation in all benefit plans</li> <li>Pension plan for the statutory notice period</li> <li>A lump sum payment equal to 15% of the severance payment amount in lieu of future contributions to the named executive's pension and benefit plans</li> <li>\$10,000 of professional outplacement services</li> <li>Awards under CEO's Award Program</li> </ul> <p>All other NEOs:</p> <ul style="list-style-type: none"> <li>Regular benefits for up to 12 months or until the executive retires or is employed full-time and eligible to participate in a group insurance plan similar to ours or a lump sum equal to our total cost (without discount or present valuation) of regular benefits for 12 months</li> <li>A lump sum payment equal to 15% of the severance payment amount in lieu of future contributions to the named executive's pension and benefit plans</li> <li>\$10,000 of professional outplacement services</li> <li>Awards under CEO's Award Program</li> </ul>

**Notes:**

<sup>(1)</sup> Mr. Saunders' resignation notice period is three months and the resignation notice period for the other NEOs is two months.

<sup>(2)</sup> Includes a named executive terminating his own employment for good reason (as defined in the relevant agreements). In the event of a termination without cause after a change of control, the NEOs have the choice of receiving their entitlement under termination without cause or termination without cause after change of control (whichever is higher).

**Estimated incremental payments on termination or change of control**

The table below shows the value of the estimated incremental payments or benefits that would accrue to each NEO on termination of their employment following retirement, termination with cause/resignation, termination without cause or termination without cause after a change of control, assuming their employment was terminated on December 31, 2021. Amounts are before deducting any withholdings.

The value of share-based compensation consists of awards previously granted and disclosed on page 46. Share-based awards were valued based on the December 31, 2021 TSX closing price of \$29.53.

Event	Rowan Saunders	Philip Mather	Fabian Richenberger	Paul MacDonald	Innes Dey
<b>Retirement</b>	–	–	–	–	–
<b>Termination with cause/resignation</b>	–	–	–	–	–
<b>Termination without cause</b>					
Severance	3,700,000	1,620,000	1,164,000	1,120,500	903,125
Short-term Incentive	1,665,000	648,000	659,600	547,800	350,625
Share-based compensation	–	–	–	–	–
All Other Compensation <sup>(1)</sup>	1,398,333	978,000	934,600	844,742	520,469
<b>Termination without cause after change of control</b>					
Severance	3,700,000	1,620,000	1,309,500	1,120,500	956,250
Short-term Incentive	1,665,000	648,000	659,600	547,800	350,625
Share-based compensation <sup>(2)</sup>	10,295,871	2,600,825	2,888,300	2,307,681	2,648,339
All Other Compensation <sup>(1)</sup>	1,398,333	978,000	956,425	844,742	528,438

Notes:

<sup>(1)</sup> Consists of a lump sum amount in lieu of pension and health benefits, as well as the maximum allowable budget for outplacement services and awards under CEO's Award Program.

<sup>(2)</sup> PUs under the MTIP have been valued assuming a performance factor of 100%, which may not reflect the actual payout.

**APPROVAL OF THE STATEMENT ON EXECUTIVE COMPENSATION**

The Statement on Executive Compensation has been approved by the HRCC.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

Our Statement of Corporate Governance Practices is set out in Appendix A of this Circular.

### INDEBTEDNESS OF OUR DIRECTORS AND EXECUTIVE OFFICERS

None of our directors, executive officers, employees, former directors, former executive officers or former employees, and none of their associates, is or has at any time since the beginning of the most recently completed financial year been indebted to us or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by us, except for routine indebtedness as defined under applicable securities legislation in Canada.

### CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer is, as at the date of the Circular, or was within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including Definity Insurance) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

No director or executive officer: (a) is, as at the date of the Circular, or has been within the 10 years before the date of the Circular, a director or executive officer of any company (including Definity Insurance) 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, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, as applicable.

No director or executive officer has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### INDEMNIFICATION AND INSURANCE

We maintain a director and officer insurance program. In addition, we have entered into indemnification agreements with our directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless for liabilities arising out of the indemnitees' service to the Company as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of the Company and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, if the indemnitees had no reasonable grounds to believe that their conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Company.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, proposed director nominee of the Company, or associate or affiliate of any informed person or proposed director nominee, has any material interest in any transactions since the Company's most recently completed financial year or in any proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries.

### SHAREHOLDER ENGAGEMENT

The Board values open dialogue and the exchange of ideas with the Company's shareholders. In addition to stakeholder feedback measures outlined in the Company's Board Mandate, the Board has adopted a Shareholder Engagement Policy that outlines how the Board communicates with shareholders, and how shareholders can communicate with the Board or Management.

To communicate with the Board, shareholders can contact the Board Chair, other independent directors, or the Board as a whole by mail (marking the envelope "Confidential") at Definity Financial Corporation, 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4, Attention: Corporate Secretary, or by email at [corporatesecretary@definityfc.com](mailto:corporatesecretary@definityfc.com).

The Board Chair will consider each request, in consultation with the Corporate Secretary. Any request should indicate if the requesting person is a shareholder (or a shareholder representative), and the number and type of shares held; identify anyone other than the shareholder (or shareholder representative) who is proposed to attend the requested meeting; and describe the topic(s) proposed to be discussed. The Board Chair may accept or decline requests for meetings for any reasons the Board Chair deems appropriate, including declining requests where proposed topics are not appropriate or in order to limit the number of such meetings to a reasonable level or to prioritize acceptances based on the interests of all shareholders.

Questions or feedback from shareholders regarding the Company's general business operations, financial results, strategic direction and similar matters should be directed to Management. Shareholders may provide their questions and feedback to Management by writing to the Definity Financial Corporation, 121 King St W, Suite 1400, Toronto, Ontario M5H 3T9, Attention: Investor Relations Department, or by email at [ir@definityfc.com](mailto:ir@definityfc.com).

A copy of the Shareholder Engagement Policy is available on our website at [www.definityfinancial.com](http://www.definityfinancial.com).

### **SHAREHOLDER PROPOSALS**

Shareholder proposals for our 2023 annual meeting must be sent to us in writing in accordance with applicable law. We must receive them by 5:00 p.m. (Eastern time) on December 30, 2022 to consider including them in our management information circular for the 2023 meeting. The proposal must be sent to the Corporate Secretary at 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4.

### **FOR MORE INFORMATION**

Further information relating to the Company may be obtained from its website at [www.definityfinancial.com](http://www.definityfinancial.com) and from the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2021 and these documents are accessible through SEDAR and on our website. To obtain a copy of these documents at no cost, please contact: Definity Financial Corporation, 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4, or call toll free, within North America, at 1-866-902-4724.

### **APPROVAL OF THE BOARD**

The Board has approved the contents and the distribution of the Circular to the shareholders of the Company.



MICHAEL PADFIELD

General Counsel & Corporate Secretary  
March 30, 2022

## APPENDIX A – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

We believe that sound and effective corporate governance is fundamental to enhancing our Board's ability to guide Management in its efforts to generate long-term value. We uphold standards of corporate governance that reflect applicable legal and regulatory requirements and a thoughtful approach to emerging practices. The Company's corporate governance disclosure obligations are primarily set out in the Canadian Securities Administrators' National Instrument 52-110 ("NI 52-110"), National Instrument 58-101 ("NI 58-101") and National Policy 58-201 ("NP 58-201"). These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines. The Company is also subject to the guidelines issued by OSFI for effective corporate governance in federally regulated financial institutions.

Throughout this statement, references to documents and information available on our website. Our website and any information located on it do not form part of this Appendix A. The Board has approved the Statement of Corporate Governance Practices on the recommendation of its Corporate Governance Committee.

### ETHICAL BUSINESS CONDUCT

#### Code of Conduct

We have adopted a code of business conduct (our "Code of Conduct") that governs the behaviour of our directors, officers and employees and the directors, officers and employees of certain of our subsidiaries, respectively, and describes expected business conduct grounded in our belief that trust and integrity are the foundation of our business. A copy of our Code of Conduct is available on the Company's website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

We are committed to the highest level of legal and ethical standards in business conduct. Each person covered by our Code of Conduct is required to act responsibly, ethically and professionally. The Code of Conduct sets out procedures for monitoring compliance and describes other steps taken to encourage and promote a culture of ethical business conduct. Covered persons are required to avoid actual and potential conflicts of interest and are subject to obligations regarding, among other things, the protection and proper use of corporate assets and opportunities, confidentiality of corporate information, and compliance with applicable laws.

Covered persons are required to acknowledge their obligations and confirm their compliance under our Code of Conduct annually and to disclose, at that time and throughout the year, any known or potential conflicts of interest that arise. Every new employee is required to review the Code of Conduct upon beginning work. Every year, each director, officer and employee is required to provide written confirmation that they have read, and will comply with, the Code of Conduct. We also have a mandatory online learning program to enhance understanding throughout our organization of the values and principles outlined in our Code of Conduct.

As part of its commitment to support ethical decision-making, our Board ensures that effective mechanisms are in place for employees to raise ethical concerns. Our ethics reporting program provides for a toll-free hotline and website that are maintained by an independent third party. Employees can use any of those channels to anonymously and confidentially report any accounting or auditing concern, suspected fraudulent activity or breach of our Code of Conduct. If employees prefer, they can refer concerns to their leader or departmental manager. Our ethics reporting program has processes in place to protect employees who report an incident in good faith or participate in the investigation of a report.

Compliance with our Code of Conduct is monitored by Management and reported to Board committees. Significant concerns regarding questionable accounting, controls or auditing matters are automatically communicated to the Chair of the Audit Committee. Alleged breaches of the Code of Conduct are investigated promptly. If, after an investigation, it has been determined that a breach of the Code of Conduct has occurred, a decision will be made as to the appropriate corrective and/or disciplinary action that will be taken.

The Board monitors compliance with the Code of Conduct primarily through our Corporate Governance Committee, which receives regular reports from Management on the attestation process and compliance status, including notices of any material deviation from the Code of Conduct and any corrective action taken. The Board may grant a specific, limited waiver under our Code of Conduct if it determines that the waiver is appropriate under the circumstances. Each situation is considered separately on its merits and a decision in one case has no bearing on any other.

In addition, the Audit Committee is responsible for monitoring compliance with the Code of Conduct in relation to concerns or complaints relating to questionable accounting, or auditing matters, internal controls with respect to financial reporting and disclosure controls and procedures, and for ensuring all such issues are resolved in a satisfactory manner.

#### Conflicts of Interest

Our directors and executive officers are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Company and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction.

Pursuant to the terms of the HOOPP Governance Agreement and the Swiss Re Governance Agreement, respectively, any director of the Company nominated on the direction of HOOPP or Swiss Re, respectively, will not be entitled to observe or participate in, and will upon the good faith request of the Board or any committee thereof, as applicable, recuse himself or herself from, any meeting or portion thereof at which the Board or any committee thereof, as applicable, is evaluating and/or taking action with respect to (or receive copies of materials or written resolutions in connection with) the exercise of any of our rights or enforcement of any of the obligations of HOOPP and Swiss Re, as applicable, under the HOOPP Governance Agreement or the Swiss Re Governance Agreement, as applicable, or the HOOPP Subscription Agreement or the Swiss Re Subscription Agreement, as applicable. There are no known existing or known potential material conflicts of interest between the Company and its proposed directors or executive officers as a result of their outside business interests. Michael Stramaglia sits on the boards of the Canadian property and casualty insurance company subsidiaries of Munich Re, and Edouard Schmid was appointed to the Board as a nominee of Swiss Re pursuant to the Swiss Re Governance Agreement, and Munich Re, Swiss Re or their affiliates may participate as reinsurers in our reinsurance program from time to time; however, these relationships of Mr. Stramaglia and Mr. Schmid do not constitute a known existing or known potential material conflicts of interest between the Company and such directors.

We use onboarding and annual directors' questionnaires, in which directors are asked to identify relevant outside business dealings and other companies or entities with which they have relationships, to assist the Board and Management in identifying actual or potential conflict of interest situations in advance. If a director's business or personal relationships present a material personal interest in a business matter or relationship that conflicts, or appears to conflict, with the interests of the Company or its subsidiaries, the issue is referred to the Chair of the Board. Appropriate steps will then be taken to determine whether an actual or apparent conflict exists and to determine whether it is necessary for the director to be excused from discussions relating to the issue.

All material related party transactions, including those in which a director or executive officer has a material interest, require the approval of our Corporate Governance Committee which may subsequently refer the matter to the full Board for its consideration.

## **BOARD OF DIRECTORS**

### **Board Size**

Our amended and restated by-laws provide that our Board will consist of a minimum of seven and a maximum of 21 directors.

Our Board and the Corporate Governance Committee assesses the overall size of the Board, having regard to the results of the annual Board, committee, and director evaluation processes and relevant information concerning prevailing Canadian corporate governance practices, with a view to maintaining a board that is large enough to include the requisite expertise and resources but small enough to promote effective decision-making.

Our directors hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. The nominees for election as directors of the Company are determined by our Corporate Governance Committee in accordance with applicable corporate law, the mandate of our Board, the mandate of the Corporate Governance Committee and the Governance Agreements.

### **Mandate of our Board**

The Board is responsible for supervising the management of the business and affairs of the Company and, in doing so, is required to act in our best interests. The Board has adopted a written mandate to confirm and formalize the Board's duties and responsibilities for the stewardship of the Company in the form set forth in Appendix B to the Circular.

The Board will discharge its responsibilities either directly or through its committees. Specific responsibilities set out in the Board's mandate include:

- Appointing and Supervising Management — including final approval of all officer appointments, their compensation and the oversight of succession planning;
- Strategic Planning — including oversight over our business, financial and strategic plans and annual operating budget;
- Monitoring Financial Performance — including the review of our ongoing financial performance and results of operations and review and approval of our public financial disclosure and certain regulatory filings;
- Risk Management — including the identification of principal business risks and the implementation of appropriate systems to effectively monitor and manage such risks;
- Establishing Policies and Procedures — including the approval and monitoring of policies and procedures related to corporate governance, internal controls and ethical business practices;
- Communication and Reporting — including the oversight of the timely and accurate disclosure of financial reports and other material corporate developments; and
- Other Responsibilities — including those related to position descriptions, orientation and continuing education, nomination of directors and Board evaluations.

The Board has delegated certain responsibilities to its committees and requires each to perform certain advisory functions and make recommendations to the Board in accordance with written mandates. Management is expected to provide effective leadership in all aspects of the activities of Definity, to maintain our corporate culture and motivate employees, and to communicate effectively with employees, brokers, policyholders, and other industry participants. The Board also requires from Management timely information concerning the business and affairs of Definity, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively.

### **Director Term Limits and Other Mechanisms of Board Renewal**

We have not adopted fixed term limits or a mandatory retirement age for directors on the basis that imposing an arbitrary term limit or retirement age would unnecessarily expose the Company to losing the contribution of directors who have valuable business experience and insight into the Company's operations, and who could continue to make significant contributions to the Board and the Company. Given our Board's current composition, average director tenure of approximately six years, and regular evaluation process, we believe that term limits or a mandatory retirement age are not necessary to achieve the objective of bringing fresh ideas and viewpoints to the Board. Instead, the Corporate Governance Committee will rely on its annual assessment of Board effectiveness as a board renewal mechanism to determine if changes to Board composition are appropriate.

### **Majority Voting Policy**

In accordance with the requirements of the TSX, the Board has a Majority Voting Policy to the effect that a nominee for election as a director of the Company who does not receive a greater number of votes "for" than votes "withheld" with respect to the election of directors by shareholders is expected to offer to tender their resignation to the Chair of the Board immediately following the meeting of Shareholders at which the director was elected. The Corporate Governance Committee will consider any such resignation tendered and make a recommendation to the Board whether to accept it or not. The Board will accept the resignation unless it determines, in consultation with the Corporate Governance Committee, that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. The Board will make its decision and announce it in a press release within 90 days following the meeting of Shareholders. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the Corporate Governance Committee at which the resignation is considered.

### **Independence of Directors**

Under NI 58-101, a director is considered to be independent if they are independent within the meaning of NI 52-110. Pursuant to NI 52-110, a director is considered to be independent provided the director is free from any direct or indirect relationship which could, in the view of our Board, be reasonably expected to interfere with a director's independent judgment. Our Board annually determines whether each director is an independent director within the meaning of NI 58-101 by analyzing the director's conduct and relationships with the Company, its affiliates, and others.

Our Board has determined that all of the current members of the Board are independent within the meaning of NI 58-101, other than Rowan Saunders, the Company's CEO.

We recognize the importance of independent leadership on the Board and the Board has appointed John Bowey, an independent director, as Chair of the Board. See "— Position Descriptions". We do not hold standalone regularly scheduled meetings attended only by our independent directors; however, Board and committee meetings include in camera sessions during which directors meet separately without Management present and any director may request additional time for this purpose.

Certain proposed directors serve on the boards of other public companies in Canada. The Board has adopted guidelines regarding the maximum number of non-Definity boards our directors should serve on, which include (i) a limit of no more than two of our directors serving on an external board together, (ii) directors holding a maximum of three public company directorships, in addition to their membership on our Board (except our CEO, who may hold a maximum of one public company directorship, in addition to membership on our Board) and (iii) members of the Audit Committee not serving on the audit committees of more than two public companies (in addition to our Audit Committee).

### **Advance Notice By-law**

Our by-laws specify that a shareholder who wishes to nominate an individual for election as a director at an annual meeting must provide between 30 and 65 days advance notice to the company. The notice to the company must include information about the nominee, including age, address, principal occupation, the number of Common Shares owned or controlled, and any other information that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for the election of directors. The notice must also include information about the nominating shareholder, including ownership or control of, or rights to vote, Common Shares and any other information that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for the election of directors. The company may require additional information to be provided, including information to comply with requirements of OSFI relating to the suitability of directors and potential changes to the Board.

The advance notice provisions described above do not apply to nominations made by or on behalf of the board or by shareholders pursuant to shareholder proposals or requisitioned meetings, which have separate requirements and deadlines. In addition, in the case of a special meeting at which directors are to be elected, a shareholder's notice of a nomination must be provided not later than 15 days after the date of the special meeting is announced. The Company's by-laws are available on our website at [www.definityfinancial.com](http://www.definityfinancial.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## COMMITTEES

Our Board has four standing committees: the Audit Committee, the HRCC, the Corporate Governance Committee and the Risk Review Committee. Each committee has a written mandate, which it is required to reassess at least once every three years. The results of those assessments are reported to the full Board.

### Audit Committee

#### *Composition of the Audit Committee*

The Audit Committee consists of Dick Freeborough (Chair), Robert McFarlane, Susan Monteith and Edouard Schmid. Our Board has determined that each member of the Audit Committee is an independent director and financially literate, in each case within the meaning of NI 52-110.

#### *Audit Committee Mandate*

The Board has adopted a written mandate of the Audit Committee, as included in the Company's Annual Information Form (filed on SEDAR at [www.sedar.com](http://www.sedar.com)) and on our website ([www.definityfinancial.com](http://www.definityfinancial.com)), setting forth the committee's purpose and responsibilities, consistent with NI 52-110. The Audit Committee mandate outlines the Audit Committee's responsibility for, among other things:

- overseeing the integrity of our financial statements, financial reporting process and control environment;
- reviewing our annual and interim financial statements, MD&A and related public disclosure prior to their release to the public;
- recommending to the Board the external auditor to be appointed for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for us;
- approving annual internal and external audit plans and overseeing the Board's relationship with internal and external auditors including their independence, performance and compensation;
- pre-approving permitted non-audit services provided to us by our internal or external auditors and its affiliates;
- establishing policies and procedures for the receipt, retention, and treatment of complaints regarding questionable accounting or auditing matters, internal controls with respect to financial reporting and disclosure controls and procedures, and the confidential, anonymous submission by our employees of concerns regarding any of the foregoing; and
- reviewing and approving our hiring policies regarding past and present partners and employees of our external auditor.

### Human Resources and Compensation Committee

The HRCC consists of Elizabeth DelBianco (Chair), Daniel Fortin, Barbara Fraser, Dick Freeborough and Micheál Kelly. Our Board has determined that each member of the HRCC is an independent director within the meaning of NI 52-110.

The Board has adopted a written mandate which outlines the responsibilities of the HRCC with respect to, among other things:

- recommending to the Board the compensation paid to our CEO and, after obtaining the recommendation of our CEO, approving the compensation paid to other members of senior management;
- reviewing retention, development, and succession plans for senior management;
- reviewing the Company's culture, including matters relating to employee equity, diversity, accessibility and inclusion as well as employee engagement and the results of the Company's employee engagement surveys;
- approving the adoption of, or amendments to, incentive compensation plans and grants or awards under such plans, subject to Board approval, as appropriate; and
- approving the "Statement of Executive Compensation" section of the Circular.

### Corporate Governance Committee

The Corporate Governance Committee consists of Micheál Kelly (Chair), Elizabeth DelBianco, Edouard Schmid and Michael Stramaglia. Our Board has determined that each member of the Corporate Governance Committee is an independent director within the meaning of NI 52-110.

The Board has adopted a written mandate which outlines the responsibilities of the Corporate Governance Committee with respect to, among other things:

- reviewing the overall size, composition and independence of the Board;
- recommending to the Board candidates for Board membership;
- recommending to the Board candidates qualified for appointment or reappointment to Board committees;
- supervising the annual Board, committee and director evaluation process;
- overseeing director orientation and continuing education;
- acting as our Conduct Review Committee, and fulfilling the Board's statutory obligations with respect to related party transaction oversight;
- approving the "Statement of Corporate Governance Practices" and "Director Compensation" sections of our annual proxy circular; and
- periodically reviewing and making recommendations to the Board regarding the adequacy and form of directors' compensation.

### **Risk Review Committee**

The Risk Review Committee consists of Michael Stramaglia (Chair), Daniel Fortin, Barbara Fraser, Robert McFarlane and Susan Monteith. Our Board has determined that each member of the Risk Review Committee is an independent director within the meaning of NI 52-110.

The Board has adopted a written mandate which outlines the responsibilities of the Risk Review Committee with respect to, among other things, assisting the Board in fulfilling its oversight responsibilities with respect to the management of the enterprise risk management framework with a view to promoting the achievement of agreed upon risk-adjusted returns and allocating capital accordingly. Specific responsibilities include overseeing:

- the initial identification of major risks facing the Company and the development of strategies to manage and mitigate those risks;
- the review of Management's assessment of compliance with approved risk management policies, practices and controls related to the Company's capital structure;
- the review of the annual report on the Company's financial condition and periodic stress testing;
- the review of the Company's own risk solvency assessment;
- the effectiveness of the Company's enterprise-wide regulatory compliance management program and framework; and
- the review and monitoring of the Company's capital management plan to support continued solvency based upon both regulatory requirements and its own assessment of the Company's risk profile.

### **BOARD AND COMMITTEE MEETINGS**

The Board meets regularly to review our business operations and financial results. In addition to meeting in relation to annual and quarterly financial results, the Board meets to approve non-financial disclosure documents and as part of our business and strategic planning process. Special meetings are called as necessary, the frequency and nature of which depend on the circumstances and the particular opportunities or risks that we face.

The Chair of any committee may, at any time but with appropriate notice, call a meeting of the Board to consider any matter of concern to it. In addition, meetings of the Audit Committee or the Risk Review Committee may be called at any time at the request of the external auditor, the appointed actuary, the Chief Risk and Actuarial Officer, or the Chief Financial Officer.

Board and committee meetings include management reports to review and discuss specific aspects of our operations.

### **POSITION DESCRIPTIONS**

We have adopted written position descriptions for our Chair of the Board, Committee Chairs, individual directors and CEO. In accordance with its mandate, the Corporate Governance Committee meets periodically to review each of those position descriptions and recommend changes to the Board where necessary.

The Chair of the Board is responsible for the management, development and effective performance of the Board, and for providing leadership to the Board in carrying out its duties. The Chair's specific responsibilities include:

- guiding the conduct of the Board;
- acting as a liaison between the Board and Management; and

- ensuring that appropriate procedures are in place to allow the Board and its committees to function effectively, efficiently and independently of Management.

Chairs of Board committees are responsible for, among other things, scheduling, setting agendas for and presiding over committee meetings and acting as a liaison between the committee and the Board.

Directors are generally expected to possess appropriate knowledge of the business of the Company, and regulatory and industry issues, to effectively contribute to the Board and its committees and to apply independent judgment on matters brought before them.

The CEO is responsible for, among other things, overseeing day-to-day business affairs, leading our strategic planning and budgeting processes, supervising senior Management, and implementing systems to ensure the integrity of our internal controls, management information systems, and financial reporting.

## **COMPENSATION**

The Board sets the level of compensation for directors, based on the recommendations of the Corporate Governance Committee. Directors who are also employees of the Company or of any of our subsidiaries will not receive any additional compensation for acting as a director of the Company or of any of our subsidiaries. From time to time, the Corporate Governance Committee reviews the amount and form of compensation paid to directors, taking into account the workload, responsibilities, and risks involved in being an effective director. The committee's review may be conducted with the assistance of outside consultants. For additional information regarding the compensation of our directors, see "Director Compensation" in the Circular.

The HRCC is responsible for making recommendations to the Board regarding the employment terms of our CEO, and for reviewing and approving the recommendations of our CEO regarding the compensation of our other executive officers. The HRCC is also responsible for reviewing and making recommendations to the Board regarding awards under our incentive plans. The HRCC meets in camera to discuss the base salary, annual incentives, and other compensation awarded to our CEO.

See "Committees – Human Resources and Compensation Committee" for more information about that committee. Details of executive compensation and our compensation consulting arrangements are disclosed in the "Statement of Executive Compensation" in the Circular.

## **NOMINATION AND ASSESSMENT OF DIRECTORS**

The responsibilities of the Corporate Governance Committee include serving as our nominating committee. It recommends nominees for election at our annual meeting to the Board and also new candidates for Board membership as the need arises. See "– Corporate Governance Committee".

Candidates for nomination as director may come to the attention of the Corporate Governance Committee from time to time through incumbent directors, Management or third parties and may be considered at meetings of the committee at any point during the year. If the committee believes at any time that the Board requires additional candidates for nomination, it may poll directors and Management for suggestions or conduct research to identify possible qualified candidates either directly or through an external search firm.

At a minimum, candidates are required to have demonstrated: the highest personal and professional integrity; significant achievement in their field; experience and expertise relevant to our business; a reputation for sound and mature business judgment; the commitment to devote the necessary time and effort in order to fulfil their duties effectively; and, where required, financial literacy. Candidates are also screened for conflicts of interest and material relationships that could impact their independence. A skills matrix is prepared to support each search to reflect the prevailing context at the time of the search, taking into account the current and anticipated needs of the Board and its committees in light of the opportunities and risks facing the Company, its strategy and its succession planning needs. In addition, the composition of the Board must meet statutory residence requirements.

The Corporate Governance Committee's process for identifying and evaluating director nominees generally involves (with or without the assistance of an external search firm) compiling names of potentially eligible candidates, vetting those candidates against the factors described above and a relevant skills matrix, conducting background and reference checks, conducting interviews with candidates and/or others, meeting to consider and approve final candidates and, as appropriate, preparing and presenting to the Board the committee's recommendations.

## **DIVERSITY**

### **Board Diversity**

We believe that a board of directors made up of strong directors with the right skill sets, who also represent diverse personal experiences and backgrounds, promotes better corporate governance.

Our Board has adopted a written board diversity policy relating to multiple dimensions of diversity, over and above the identification and nomination of women directors. The objective of the policy is to promote better corporate governance by

enabling the Board to deliberate with broader perspectives and deeper insight. Under the policy, when identifying candidates to recommend for election to the Board, the Corporate Governance Committee gives consideration to diversity factors, along with business experience, functional expertise, personal skills, and integrity, taking into account the level of diversity on the Board and representation of women, members of visible minorities, members of Indigenous Peoples, persons with disabilities and LGBTQ+, provided women and men shall each represent at least 30% of all independent directors. In addition, the Corporate Governance Committee may engage a qualified independent external advisor to conduct a search for candidates that meet our diversity factors.

Every year, the Corporate Governance Committee assesses the effectiveness of the board diversity policy by considering the extent to which its objectives have been met and making such recommendations to the Board as it deems necessary or appropriate. The board diversity policy requires the Corporate Governance Committee to consider the level of representation of women, members of visible minorities, members of Indigenous Peoples, persons with disabilities and LGBTQ+, when identifying candidates to recommend for election to the Board. Further, to reflect the Board's continued commitment to diversity, the policy has a target to have at least one director that identifies as a member of a visible minority or an Indigenous People, a person with a disability, or LGBTQ+ by its annual meeting in 2026, and we aspire to have at least two directors who each identify as a member of these communities by that time and maintain at least that level thereafter.

As of the date of the Circular, women comprised 31% (four individuals) of our Board, and 33% of all independent directors.

### **Management Diversity**

Our HRCC oversees the diversity programs we have in place for employees at all levels of the Company, including our executives.

We believe that diversity, inclusion, equity, and accessibility are key drivers in contributing to our success. We actively promote a culture that recognizes the importance of having employees who bring diverse perspectives and experiences that reflect the customers and communities that we serve.

We have a strategic commitment to sourcing and developing diverse talent. When making decisions on executive officer appointments, we consider the leadership capability, business experience, functional expertise and diverse backgrounds and experiences of candidates, as well as the level of representation of women in executive officer positions. As of December 31, 2021, women represented 58% of our overall workforce and comprised 17% (two individuals) of our executive officers (as defined in applicable securities laws in Canada) and 45% of our leadership roles (manager and above). To reflect our active promotion of a culture of inclusion and collaboration, we have established diversity targets, where at our vice-president and executive leadership levels, women and men each represent at least 30%, and Black, Indigenous, people of colour, LGBTQ+, and persons with disabilities represent at least 15%, by 2026.

We have established a committee on diversity and inclusion which plays a critical role in developing our diversity and inclusion strategy including its plans and measures. We have four employee groups in place: Anti-Racism; Multiculture EG; LGBTQ+; and Women's Leadership Impact. These employee groups are connected to our diversity and inclusion committee and advocate for diversity awareness, identify barriers and opportunities for inclusion, and champion the advancement of underrepresented groups into leadership roles.

We have also established a Management role that has responsibility for facilitating inclusion across our organization through partnership with our leaders and employees, and by contributing financial support to charitable organizations that help create inclusive communities. In 2021, as part of our diversity and inclusion strategy, we also embedded diversity goals into our succession planning to further promote a culture of inclusion.

### **ORIENTATION AND CONTINUING EDUCATION**

The Corporate Governance Committee oversees orientation for new directors, which includes information on the role of the Board, its committees, and individual directors, as well as relevant Company and industry information. Each new director is provided access to up-to-date information on our corporate and organizational structure, recent public disclosure documents and financial information, our corporate documents (including our letters patent and by-laws), Board and committee mandates, key corporate policies, including our Code of Conduct, and details regarding directors' and officers' indemnification and insurance coverage. Each new director attends orientation presentations by our senior management. As well, new directors have regular and ready access to fellow directors and to senior management.

The Corporate Governance Committee reviews information on available external education opportunities and ensures that directors are aware of relevant opportunities. We provide our directors with an annual budget of \$3,000 each to fund participation in external education and development opportunities, and we also provide them with membership in the Institute of Corporate Directors.

Presentations are made regularly to the Board and committees to educate and keep them informed about industry trends, changes within the Company and in legal, regulatory and industry requirements and standards, and directors' duties and the corporate governance landscape. During 2021, the Board and its committees engaged in numerous in-depth "deep dive" sessions addressing aspects of the Company and its business, which often included elements of general education as well as deeper insights into ongoing and emerging aspects of our business and operating environments. Further, during 2021 the

Board held a two-day Board strategy meeting addressing various business, industry and Company-specific topics, with presentations from both Management and external groups. The table below lists some of the education sessions and presentations we provided for our directors in 2021.

Quarter	Topic	Audience
First quarter 2021	Investing in limited recourse capital notes	Investment Committee of Definity Insurance
Second quarter 2021	Say-on-pay market practices	Human Resources and Compensation Committee
	Reputational risk management	Risk Review Committee
	ORSA maturity	Risk Review Committee
	ESG strategy development	Board
	Climate change reporting	Board
Third quarter 2021	Executive compensation trends	Human Resources and Compensation Committee
	Non-GAAP and other financial measures disclosure	Audit Committee
	Public company corporate governance standards	Corporate Governance Committee
	IFRS 17	Audit Committee
	IFRS 17	Board
Fourth quarter 2021	Insider trading reporting	Board
	Disclosure and securities trading policies	Board
	IFRS 17	Board
	Claims transformation	Board

## BOARD AND DIRECTOR EVALUATION

The Corporate Governance Committee is responsible for annually assessing the effectiveness and contribution of the Board as a whole, of each Board committee and of individual directors. A formal assessment process is conducted every other year, involving the circulation of self-assessment questionnaires to the full Board (in the case of Board and director evaluations) and to each committee member (for the relevant committee evaluation). The results of the assessment questionnaires are compiled and forwarded to the Chair of the Corporate Governance Committee. Evaluation results are reported to the Corporate Governance Committee and each committee (in relation to its own performance) and the Board after the assessment is complete.

Every year, the Chair of the Board and the Chair of the Corporate Governance Committee together interview each director to obtain their feedback and to discuss any aspect of the Company's corporate governance that the director may wish to discuss. The Chair of the Corporate Governance Committee also meets with each director to discuss the performance of the Chair of the Board. The Chair of the Corporate Governance Committee evaluates the performance of the Chair of the Board in that role based on feedback and evaluation results and meets privately with the Chair of the Board to share the results of that evaluation. Interview insights are reported to the Corporate Governance Committee and the Board after the interviews are complete.

All assessment questionnaires and interviews are strictly confidential to encourage full and frank commentary from our directors.

The Chair of the Board meets annually with each independent director to provide and receive feedback on their individual contributions to the Board and related matters.

## APPENDIX B – BOARD OF DIRECTORS MANDATE

This mandate provides the terms of reference for the Board of Directors (the “Board”) of Definity Financial Corporation (the “Company”).

### PRIMARY RESPONSIBILITIES OF THE BOARD

#### (a) General

The Board is responsible for the stewardship of the Company and for supervising the management of the business and affairs of the Company. In doing so, each director must act honestly and in good faith with a view to the best interests of the Company, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board must stay informed of the Company’s affairs, be actively engaged in the development of the Company’s strategic direction and oversee how management executes direction. In doing so, the Board is responsible for appointing a competent executive management team and for monitoring the management of the business of the Company by that team.

This mandate sets out the primary responsibilities of the Board, but shall in no way be construed as limiting the matters that the Board may consider in the course of discharging its duties or as limiting the exercise of a director’s independent judgment.

The Board will carry out its mandate either directly or through the following standing committees of the Board: Audit Committee, Human Resources and Compensation Committee, Corporate Governance Committee and Risk Review Committee. Subject to applicable law, the Board may establish other Board committees on a temporary or permanent basis or merge or dispose of any Board committee.

Each such committee will be governed by a written mandate outlining the committee’s purpose and responsibilities, committee membership criteria, structure and operations (including any authority of the committee to delegate powers to individual members, subcommittees and management), and the manner in which the committee will report to the Board.

#### (b) Integrity of management

The Board will satisfy itself that management is acting in the best interests of the Company, upholding the highest standards of ethical behavior, and creating a culture of integrity throughout the Company. The Board will satisfy itself that management is striving to enhance the financial value and the long-term sustainability of the Company.

The Board will satisfy itself as to the integrity of the president and chief executive officer, senior management and employees of the Company through monitoring compliance with the Company’s Code of Business Conduct (the “Code”) and its ethics reporting procedures. The Board will satisfy itself that the president and chief executive officer and senior management create and maintain a culture of integrity throughout the organization.

#### (c) Strategic planning and execution

The Board will:

- require the president and chief executive officer to develop and present to the Board the objectives and strategies which the president and chief executive officer proposes to pursue in managing the business and affairs of the Company, together with an implementation plan, which takes into account, among other things, the Company’s strengths and weaknesses, the opportunities for and threats to the Company’s business and the Company’s risk tolerance level established by the Board;
- assess the appropriateness of the Company’s objectives, whether the strategies are reasonably capable of being executed successfully, and whether its strategies, if successfully executed, are reasonably likely to achieve the stated objectives;
- monitor management’s implementation of the strategies and the Company’s progress toward achieving its objectives; and
- ensure that all significant corporate transactions are submitted for its approval.

#### (d) Principal risks and risk management systems

The Board will:

- review with management the principal business risks to the Company and gain and maintain reasonable assurance that appropriate procedures are implemented to identify, monitor, manage and mitigate those risks;
- gain and maintain reasonable assurance that effective systems are in place to monitor the integrity of the Company’s internal controls and management information systems;
- gain and maintain reasonable assurance that management processes are in place to address and comply with applicable laws and regulations, including applicable corporate, securities and regulatory requirements; and

- confirm and monitor that processes are in place to comply with the Company’s bylaws, Code of Conduct and ethics reporting program.

#### **(e) Financial reporting, controls and public disclosure**

The Board will gain reasonable assurance that the Company has a system in place for communicating to its shareholders and, where appropriate, to the public, including processes for consistent, transparent and timely public disclosure. In doing so, the Board will:

- gain and maintain reasonable assurance that the Company maintains the communications systems to effectively communicate with its stakeholders and provide full, accurate and timely public disclosure where appropriate;
- gain and maintain reasonable assurance that the Company has information and reporting systems that are reasonably designed to provide timely accurate information sufficient to allow management and the Board to reach informed decisions;
- gain and maintain reasonable assurance as to the integrity, comprehensiveness and effectiveness of the Company’s internal control environment;
- nominate a firm of public accountants for appointment as the external auditor by the shareholders of the Company and fix the compensation and engagement terms for the external auditor;
- when appropriate, pre-approve all non-audit services proposed to be provided to the Company or its subsidiary entities by the external auditor, or adopt specific policies and procedures for the engagement of such services;
- establish policies regarding the hiring of partners, employees and former partners and employees of the present and any former external auditor;
- appoint, direct and oversee the work of the Company’s internal audit function;
- review the Company’s financial statements, management’s discussion and analysis and related disclosures, including financial information extracted or derived from the Company’s financial statements, before such information is released to the Company’s shareholders or the public;
- gain and maintain reasonable assurance that the Company complies with applicable laws, regulations, rules, policies and other regulatory requirements; and
- receive reports from the chair of the Board regarding the reasonableness of expenses incurred by the president and chief executive officer and receive reasonable assurance from the internal auditors that expenses of all senior executives conform to Company policy.

#### **(f) Investment management**

The Board will gain and maintain reasonable assurance:

- that the assets of the Company are invested in compliance with applicable law, including the *Insurance Companies Act* (Canada) (the “Act”);
- that the Company’s Investment Policy Statement (“IPS”) is prudent and aligns with the risk appetite established by the Board;
- as to the Company’s investment performance and compliance with the IPS;
- that the investment management and performance of the Company’s pension plans are appropriately monitored, including as to compliance with the Pension Plan Statement of Investment Policies and Procedures;
- as to the work of investment managers for the pension plans; and
- as to management’s assessment of the economic, capital markets and regulatory environments and the impact of these influences on the Company’s investment portfolios, strategies and operations.

#### **(g) People**

The Board will:

- select and appoint a president and chief executive officer;
- establish a written position description for the president and chief executive officer, which reflects the Board’s delegation to the president and chief executive officer of powers and authority to manage the business and affairs of the Company and which delineates the president and chief executive officer’s responsibilities;
- approve the terms and conditions of the president and chief executive officer’s employment by the Company, including any changes to such terms and conditions;

- establish, maintain and implement a process for annually assessing the performance of the president and chief executive officer, taking into account the president and chief executive officer's position description and the goals and objectives of the Company which have been approved by the Board and which the president and chief executive officer is responsible for meeting;
- be responsible for approving the compensation of the president and chief executive officer;
- receive the recommendation of the president and chief executive officer regarding the appointment of all other senior officers and other senior executives of the Company who head a business unit or significant corporate function or who are responsible for a corporate oversight function and, upon agreement, approve such appointments;
- review and approve the terms and conditions of each such senior officer's and senior executive's employment by the Company, including any material changes to such terms and conditions;
- review and approve all written employment contracts of such senior officers and senior executives;
- approve any termination of the president and chief executive officer;
- receive the recommendation of the president and chief executive officer concerning the designation of corporate officers and approve all such designations; and
- review and oversee the Company's succession plans for senior management.

In addition, the Board will gain and maintain reasonable assurance regarding the adequacy and effectiveness of:

- the Company's policies and practices to attract, develop and retain the human resources required by the Company to meet its objectives;
- the Company's staff-level and executive compensation and incentive programs;
- the design, operation and governance of the Company's benefit programs and pension plans;
- the Company's policies and processes relating to the health and safety of the Company's employees; and
- the Company's policies and practices for monitoring and developing the skills of management and employees.

#### **(h) Corporate governance**

To support the Company's high standard in governance practices, the Board will:

- establish an appropriate framework to allow the Board to function independently of management;
- appoint a Corporate Governance Committee composed of independent directors;
- clearly articulate what is expected from a director by developing position descriptions for directors, the Board chair, and the chair of each Board committee;
- establish limits of authority delegated to management;
- periodically review Board compensation and succession planning;
- review and assess the adequacy of the mandates of the Board and each Board committee and determine on an annual basis the degree to which those mandates have been fulfilled;
- promote among its directors a culture that embodies:
  - acceptance of the Board's accountability for the Company's performance;
  - the conviction that directors owe each other their best efforts in carrying out their duties and exercising their authority;
  - the highest level of honesty and integrity in all actions of the Board, management and other senior managers and employees of the Company;
  - open sharing of all relevant information among directors and among directors and management; and
  - trust, respect and the acceptance and respect of differing opinions; and
- gain and maintain reasonable assurance regarding the adequacy and effectiveness of the Company's corporate social responsibility initiatives.

### **BOARD ORGANIZATION**

#### **(a) Qualifications**

The Board will determine Board member qualifications from time to time, taking into consideration the Company's strategic direction, the competencies and skills the Board as a whole is expected to possess, and the competencies and skills possessed by existing directors with a view to optimizing the contribution that each director makes to the Board. The Board will only recruit Board members who have sufficient time and energy to devote to the task of being a director.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Corporate Governance Committee.

**(b) Composition**

The Board will consist of directors who represent a range of personal experiences and backgrounds. At a minimum, each director candidate will have demonstrated: the highest personal and professional integrity; significant achievement in his or her field; experience and expertise relevant to the Company's business; a reputation for sound and mature business judgment; the commitment to devote the necessary time and effort to conduct his or her duties effectively; and, where required, financial literacy. The Board will also ensure that at least a majority of its members are residents of Canada (so long as this is required under applicable law).

**(c) Size**

The Board will periodically review the size of the Board with a view to ensuring that it reflects applicable independence requirements, facilitates effective decision-making and complies with the Company's constating documents.

**(d) Term of office**

The Board has not established a specific number of years a director may serve on the Board. Directors are elected annually and may stand for re-election upon approval by the Board based on the recommendation of the Corporate Governance Committee.

**(e) Board chair**

The directors will select from among their number a Board chair who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Board chair also manages the affairs of the Board so as to assist the directors in carrying out their responsibilities with a view to enhancing the effectiveness of the Board as a whole. The Board chair will be an independent, non-management director. If in any year, the Board does not appoint a chair, the incumbent chair will continue in office until a successor is appointed.

**(f) Board committees and selection**

The Board shall approve mandates for each Board committee. The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's mandate. At least once every three years, each mandate shall be reviewed by the Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval.

The Corporate Governance Committee, in consultation with the Board chair as well as with the committee chairs in respect of the committees which they respectively chair, will annually recommend to the Board those directors it considers qualified for appointment, or reappointment as the case may be, to each Board committee. Committee assignments will be reviewed annually and rotation of assignments will be considered periodically, taking into account the special expertise and knowledge required for each position, applicable regulatory requirements, directors' interests, abilities and prior committee service, and the directors' available time to devote for committee service. When a vacancy occurs at any time in the membership of any Board committee, the Corporate Governance Committee will recommend to the Board, in consultation with the Board chair as well as with the chair of such committee, a director to fill such vacancy.

In addition, the Board will select, upon recommendation from the Corporate Governance Committee, from among committee members a chair for each committee who will assume responsibility for providing leadership to enhance the effectiveness and independence of his or her committee. Each such Committee chair will be an independent director. If in any year, the Board does not appoint a chair for a particular committee, the incumbent chair of that committee will continue in office until a successor is appointed.

**(g) Independent directors**

The Board will ensure that director candidates presented for election by shareholders or appointed by the Board to fill vacancies are such that, after giving effect to such election or appointment, the Board is composed of a majority of independent directors.

In addition, every member of the Human Resources and Compensation Committee, the Corporate Governance Committee, the Audit Committee and the Risk Review Committee shall be an independent director. Each member of the Audit Committee shall also be financially literate and shall have such accounting or financial management expertise as may be required to comply with applicable regulations as may be in effect from time to time.

For these purposes, director independence and financial literacy will be determined in relation to Canadian securities legislation and stock exchange rules which would apply to the Company as a publicly-traded company in Canada.

#### **(h) Change of occupation, directorships or independence**

Directors may serve on the boards of other companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Board chair in advance of accepting an invitation to serve on the board of any public company.

Each director shall promptly advise the Company's corporate secretary in writing of each directorship held in relation to a public company in any jurisdiction, and any material change in their principal employment (including retirement from their principal employment). In addition, directors have an ongoing obligation to inform the Board (by advising the chair of the Corporate Governance Committee) of any changes in their circumstances or relationships that may affect the Board's determination as to their independence.

#### **(i) Conflicts of interest**

A director's business or personal relationships may occasionally give rise to a personal interest in a material business matter or relationship of the Company that conflicts, or appears to conflict, with the interests of the Company. In such circumstances, the issue should be raised with the Board chair. Appropriate steps will then be taken to determine whether an actual or apparent conflict exists, and in accordance with statutory requirements, determine whether it is necessary for the director to be excused from discussions on the issue.

In addition, each director must ensure that he or she is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from holding shares or insurance policies of the Company.

### **BOARD AND COMMITTEE MEETINGS**

The Board will meet as often as the Board considers appropriate to fulfill its duties. The chair of any committee may, at any time but with appropriate notice, call a meeting of the Board to consider any matter of concern to it.

The chair of the Board is responsible, in consultation with the president and chief executive officer and the corporate secretary, for establishing the agenda for each Board meeting. Each director may suggest items for inclusion on the agenda, and may raise at any Board meeting, subjects that are not on the meeting agenda.

Directors are expected to regularly attend Board meetings and committee meetings (as applicable) and to review in advance all materials for such meetings. The corporate secretary, his or her delegate or any other person requested by the Board or a committee shall act as secretary of Board meetings and committee meetings, as applicable, and shall record minutes for such meetings.

The Board shall be entitled to meet in private session or, at its option, with one or more members of management, other employees of the Company or its subsidiaries, and/or the Company's appointed actuary, external auditor, internal auditor, counsel or other advisor(s). Unless the relevant chair determines otherwise, the agenda for each Board meeting (and each committee meeting to which members of management have been invited) will afford an opportunity for the independent directors to meet separately without management at its beginning and its end.

With limited exceptions, in camera sessions should not be used to conduct Board business and are generally not minuted. The chair of the Board should discuss relevant follow up items and other issues raised in camera with the appropriate member(s) of senior management without attribution as soon as practicable following the meeting.

Board committees shall conduct themselves in accordance with the Committee Operating Procedures set out in Appendix A.

### **ETHICAL BUSINESS CONDUCT**

To encourage and promote a culture of ethical business conduct throughout the Company, the Board will establish, maintain and monitor compliance with the Code, which applies to all directors, officers and employees of the Company and addresses (at a minimum):

- conflicts of interest, including transactions and agreements in respect of which a director or member of management has a material interest;
- protection and proper use and exploitation of the Company's assets and opportunities;
- confidentiality of private information relating to the business and affairs of the Company;
- fair and ethical dealing with the Company's shareholders, customers, suppliers, competitors and employees;
- compliance with applicable laws, rules and regulations; and
- reporting of any illegal or unethical behavior or other breaches of the Code.

Waivers of compliance with the Code granted for the benefit of any director or member of management are to be granted only by the Board or an appropriately empowered committee of the Board.

## **INDEPENDENT ADVICE**

Any director may, in consultation with the chair of the Corporate Governance Committee and at the Company's expense, engage and terminate independent counsel or other advisors to provide advice to him or her with respect to the discharge of his or her duties as a director. In addition, each Board committee shall have the authority to engage and terminate independent counsel and such other outside advisors as the committee deems necessary to carry out its duties, and to set and (at the expense of the Company) pay the compensation for any independent counsel or other outside advisor engaged by the committee.

## **EVALUATION**

The Board will establish appropriate processes for the regular evaluation of:

- the effectiveness and performance of the Board, Board committees, the Board chair, Committee chairs and individual directors; and
- the adequacy and effectiveness of the Board and committee mandates, and the position descriptions applicable to the Board chair, Committee chairs and individual directors.

## **ORIENTATION AND CONTINUING EDUCATION**

The corporate secretary will make arrangements for the orientation and education of new directors. New directors will be provided with written materials that outline the organization of the Board and its committees, the powers and duties of directors, the required standards of performance for directors, the Code (including its ethics reporting program) and this mandate.

The corporate secretary, in consultation with the president and chief executive officer, will arrange private meetings with members of senior management.

All directors shall be provided with continuing education opportunities to maintain and enhance directors' skills and abilities as directors and to permit directors' knowledge and understanding of the Company's business and affairs to remain current. These may include, among other things, presentations from management, site visits and/or presentations from industry experts.

## **MEASURES FOR RECEIVING FEEDBACK FROM STAKEHOLDERS**

The Company endeavors to keep its stakeholders informed of its progress through its public disclosure and regulatory filings.

Interested stakeholders are invited, after all significant public announcements including the release of interim and annual financial information, to discuss with designated spokespersons the impact of such information on the Company. Shareholders may also contact the Board with any questions or concerns regarding the Company by contacting the corporate secretary at:

111 Westmount Road South  
Waterloo Ontario N2J 4S4  
Tel: (519) 570-8200  
Toll-free: 1-800-265-2180  
Fax: (519) 570-8389

All such correspondence will, when received, be promptly reviewed by the corporate secretary, who will determine whether the correspondence should be forwarded immediately to the Board as a whole or any particular member or whether the correspondence should be presented to the Board at its next regular meeting. The corporate secretary will consult with the chair of the Board if there is a question concerning the need for immediate review by the Board or by any member of the Board.

## **NO RIGHTS CREATED**

This mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements (if any), as well as in the context of the Company's letters patent and bylaws, it is not intended to establish any legally binding obligations.

## APPENDIX A COMMITTEE OPERATING PROCEDURES

The following operating procedures apply to each committee (each a “Committee”) of the Board of Directors of Definity Financial Corporation (the “Company”).

**Frequency of meetings.** The Committee shall meet as frequently as applicable regulatory requirements or circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the corporate secretary in consultation with the chair of the Board of Directors of the Company (the “Board Chair”) and the Committee chair. Additional meetings of the Committee may be called at any time by the Board Chair or by the Committee chair, upon the request of any Committee member (a “Member”). In addition, meetings of the Audit Committee and/or the Risk Review Committee may be called at any time by the Board Chair or by the Committee chair upon the request of the external auditor, the appointed actuary, the chief risk officer, or the chief financial officer.

**Notice of meetings.** Notice of the time and place of each meeting of the Committee shall be given to each Member not less than 48 hours before the time when the meeting is to be held. Notwithstanding the foregoing, in the event that the Board or the Committee fixes by resolution the time and place of one or more meetings of the Committee and a copy of such resolution is sent to each Member, no notice shall be required to be given to the Members for the meeting(s) whose times and places are so fixed.

**Meeting agendas.** Committee meeting agendas shall be prepared in consultation with the Committee chair, in all cases having regard to the matters required to be considered by the Committee under its mandate and/or pursuant to a request of the Board, one or more individual directors, the Committee, or, in the case of the Audit Committee and/or the Risk Review Committee, the external auditor, the appointed actuary, the chief risk officer, or the chief financial officer. Unless the Committee chair determines otherwise, the agenda for each meeting will also afford an opportunity for Members to meet separately, without management, at its beginning and its end.

**Transaction of business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.

**Meetings by telephone or electronic means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.

**Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee, except where the Committee has four members, in which case a quorum shall be two members. Meetings of the Committee shall be constituted so that Canadian residency requirements of the *Insurance Companies Act* (Canada) are met.

**Votes to govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes the matter shall be referred to the Board as a whole. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.

**Attendance by other directors.** Any director of the Company, whether or not he or she is a Member, shall be entitled to be present at and to participate in all meetings of the Committee as a non-voting participant.

**Secretary of meetings.** Unless the Committee otherwise specifies, the corporate secretary shall act as secretary of all meetings of the Committee.

**Chair of meetings.** The Committee chair shall act as chair of all meetings of the Committee at which the Committee chair is present. In the absence of the Committee chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting chair at the meeting.

**Work plans.** Each Committee shall be provided with: (i) a work plan listing the duties of the Committee, (ii) prompt updates to such work plan describing any proposed or actual changes to it, and (iii) at each Committee meeting, assurance as to compliance with the work plan.

**Reports to the Board.** The chair of each meeting of the Committee shall report on the matters considered at that meeting to the next-following regularly-scheduled meeting of the Board.

**Co-ordination with executive management.** Each Committee shall have a designated executive sponsor with whom the Committee chair shall work to develop meeting agendas and monitor the execution of the Committee’s workplan. The chair of each meeting of the Committee shall discuss relevant follow up items and other issues raised with the appropriate member(s) of senior management as soon as practicable following the meeting.

**In camera sessions.** The Committee shall be entitled to meet in private session or, at the option of the Committee, with one or more members of Management, other employees of the Company or its subsidiaries, and/or the Company’s appointed actuary, external auditor, internal auditor, counsel or other advisor(s). With limited exceptions, in camera sessions should not be used to conduct Committee business and are generally not minuted. The Committee chair should discuss relevant follow up items and other issues raised in camera with the appropriate member(s) of senior management without attribution as soon as practicable following the meeting.

## APPENDIX C – SECURITIES BASED COMPENSATION ARRANGEMENTS

### STOCK OPTION PLAN

The Company has adopted a Stock Option Plan, which is a component of the Company's long-term incentive compensation arrangements available to eligible employees. The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating eligible employees and to advance the interests of the Company by providing such persons with the opportunity to acquire a proprietary interest in the Company.

#### Administration

The Stock Option Plan authorizes the HRCC to issue stock options ("Options") to employees of the Company or any affiliate.

#### Share Reserve and Limits on Issuance

The aggregate number of Common Shares that may be issued pursuant to the Stock Option Plan at any time shall not exceed the Equity Award Pool Limit. No Options may be granted on terms requiring settlement in newly issued Common Shares if such grant would have the effect of causing the total number of Common Shares subject to the Stock Option Plan (together with those Common Shares which may be issued pursuant to any other security based compensation arrangement provided by the Company) to exceed the Equity Award Pool Limit.

In addition, (a) the maximum number of Common Shares issued to insiders within any one-year period pursuant to the Stock Option Plan, together with Common Shares issued to insiders under all other security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares, and (b) the maximum number of Common Shares issuable to insiders, at any time, pursuant to the Stock Option Plan, together with Common Shares issuable to insiders under all other security based compensation arrangements provided by the Company, shall not exceed 10% of the issued and outstanding Common Shares.

#### Terms and Conditions of Option Grants

Under the Stock Option Plan:

- subject to the rules of any stock exchange upon which the Common Shares may be listed or other securities regulatory authority, the HRCC may, (a) by resolution, accelerate the date on which any unvested Option may be exercised or extend the expiration date of any Option (with any such extension requiring shareholder approval, as indicated below); or (b) subsequent to the time of granting Options hereunder, permit a participant to exercise any or all of the unvested Options then outstanding and granted to the participant under this Stock Option Plan;
- the HRCC is authorized to determine, subject to any adjustments pursuant to the provisions of the Stock Option Plan, the exercise price of any Option, provided that the exercise price of any Option shall in no circumstances be lower than the Market Price (as defined in the Stock Option Plan) on the date of grant of the Option;
- the term of an Option shall not exceed ten (10) years from the date of the grant of the Option;
- Options are personal to the grantee and are non-assignable, except in certain limited circumstances; and
- notwithstanding anything else contained in the Stock Option Plan, if the expiration date for an Option occurs during a period of time during which the person granted Options cannot exercise an Option, or sell Optioned Common Shares, due to applicable policies of the Company in respect of insider trading (a "Blackout Period") applicable to the relevant participant, or within ten business days after the expiry of a Blackout Period applicable to the relevant participant, then the expiration date for that Option shall be the date that is the tenth (10th) business day after the expiry date of the Blackout Period.

#### Adjustments and Change in Control

The Stock Option Plan contains provisions for the treatment of Options in relation to capital changes and with regard to any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off, dividends (other than cash dividends in the ordinary course) or other distribution of the Company's assets to shareholders, or any other similar changes affecting the Common Shares.

In the event of a change in control of the Company prior to the vesting of an Option, and subject to the terms of a participant's employment agreement and the applicable option agreement, the HRCC has full authority to determine in its sole discretion the effect, if any, of the change in control on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to an Option. In the absence of any action by the HRCC, upon a change in control: (i) to the extent the successor to or acquiror of the Company assumes all obligations under the Option, with appropriate adjustments to preserve the value of the Option, or provides a substitute award for the Option on substantially the same terms and conditions with substantially the same value, in either case as determined by the HRCC, in its sole discretion, the existing vesting schedule of such Option will continue to apply; (ii) to the extent the successor to or acquiror of the Company does not assume all obligations under or provide a substitute for the Options held by a participant at the time of the change in control on substantially the same terms and conditions with substantially the same value as of the effective date of the change in control, then (x) all vested Options shall be

exercisable until the consummation of the change in control, (y) all unvested Options shall be exercisable immediately prior to the consummation of the change in control and (z) any Options that are not exercised on or prior to the consummation of the change in control shall be cancelled for no consideration. Notwithstanding the foregoing, if a participant is terminated without cause or resigns with good reason during the 18 month period following a change in control, then any unvested Options (or substitute awards, as applicable) shall vest immediately and be exercisable for a period of 90 days following the effective day of termination or, if earlier, until the expiry date of the Options (or in the case of a substitute award, the expiry date of the Option for which the award has been substituted).

### **Termination of Options**

The Stock Option Plan provides that, except with certain limitations, an Option and all rights to purchase Common Shares pursuant thereto shall expire and terminate immediately upon the participant who holds such Option ceasing to be an eligible person.

Where a participant ceases to be employed by the Company or any affiliate for any reason (other than retirement, death and long-term disability), the participant's unvested Options shall be immediately forfeited and the participant's vested options may be exercised for a period of 90 days after the date of resignation or termination.

Subject to the terms and conditions of the applicable Option agreement, where a participant retires from the Company, the participant's unvested Options then held by the participant shall remain outstanding and continue to vest and become exercisable as if the participant had been actively employed by Definity until the earlier of the expiry date of the Options or five years following the participant's retirement. All of the participant's vested Options then held by the participant remain eligible to be exercised until the earlier of the expiration date of the Options or five years following the participant's retirement.

In the event that a participant experiences a permanent disability while employed or dies, all unexercised Options held by such participant at the time of death immediately vest, and such participant's personal representatives may exercise all Options within one year after the date of such disability or death.

The HRCC may in certain circumstances decide that any of the provisions concerning the effect of termination of the participant's employment shall not apply to the participant for any reason acceptable to the HRCC.

### **Amendment or Discontinuance of the Plan**

The Board may amend, modify or terminate the Stock Option Plan or any Option granted pursuant to the Stock Option Plan at any time without shareholder approval, provided that no amendment to the Stock Option Plan adversely affects the rights of any participant under any previously granted Option, except with the consent of such participant.

The Stock Option Plan may not be amended without shareholder approval to allow any of the following: (a) amendment for which shareholder approval is required under law; (b) increase to the maximum number or percentage of Common Shares issuable under the Stock Option Plan; (c) reduction of the option price, or cancellation and reissuance of Options or other entitlements, of Options granted under the Stock Option Plan; (d) extension of terms of Options beyond the original expiry date; (e) change in eligible persons that may permit the introduction or reintroduction of non-employee directors on a discretionary basis; (f) amendment that would allow Options granted under the Stock Option Plan to be transferable or assignable other than for estate settlement purposes; or (g) amendment to the Stock Option Plan's amendment provisions.

Shareholder approval is not required for the following amendments: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of any Options; (c) a change to the termination provisions of any Option that does not entail an extension beyond the original term of the Option; or (d) amendments to the provisions relating to a Change in Control.

### **LONG-TERM INCENTIVE PLAN**

The Company has adopted the Long-term Incentive Plan ("LTIP"). The purposes of the LTIP are (i) to promote further alignment of interests between employees of the Company and shareholders, (ii) to associate a portion of the compensation payable to employees of the Company with the returns achieved by shareholders; and (iii) to attract and retain employees with the knowledge, experience and expertise required by the Company.

#### **Administration**

The LTIP is administered by the HRCC.

#### **Eligibility and Award Determination**

Any individual employed by the Company, who, by the nature of the individual's position or job is, in the opinion of the HRCC, in a position to contribute to the success of the Company is eligible to receive grants ("Grants") of restricted share units ("RSUs") and performance share units ("PSUs") under the LTIP.

The number of RSUs and PSUs to be covered by each Grant is determined by dividing the value for such Grant by the Market Value of a Common Share as at the valuation date for such Grant, rounded up to the next whole number.

### Share Reserve and Limits on Issuance

The aggregate number of Common Shares that may be issued pursuant to the LTIP at any time shall not exceed the Equity Award Pool Limit. No RSUs or PSUs will be granted on terms requiring settlement in newly issued Common Shares if such grant would have the effect of causing the total number of Common Shares subject to the LTIP (together with Common Shares which may be issued pursuant to any other security based compensation arrangement provided by the Company) to exceed the Equity Award Pool Limit.

In addition, (a) the maximum number of Common Shares issued to insiders within any one year period pursuant to the LTIP, together with Common Shares issued to insiders under all other security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares and (b) the maximum number of Common Shares issuable to insiders, at any time, pursuant to the LTIP, together with Common Shares issuable to insiders under all other security based compensation arrangements provided by the Company, shall not exceed 10% of the issued and outstanding Common Shares.

### Vesting and Settlement of RSUs and PSUs

Under the LTIP, participants may be allocated share units in the form of RSUs or PSUs, which represent the right to receive an equivalent number of Common Shares or the Market Value on the vesting date.

Unless otherwise specified in the applicable Grant agreement, all RSUs and PSUs are settled no later than December 31 of the third year following the year in which the participant performed the services to which the RSUs or PSUs relate.

Except in limited circumstances, RSUs and PSUs granted under the LTIP are not assignable or transferable other than by operation of law.

### Adjustments and Change in Control

The LTIP contains provisions for the equitable adjustment of Grants in relation to any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off, dividends (other than cash dividends in the ordinary course) or other distribution of the Company's assets to shareholders, or any other similar changes affecting the Common Shares.

In the event of a change in control of the Company prior to the vesting of a Grant, and subject to the terms of a participant's employment agreement and the applicable Grant agreement, the HRCC has full authority to determine in its sole discretion the effect, if any, of a change in control on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant. In the absence of any action by the HRCC, upon a change in control: (i) to the extent the successor to or acquiror of the Company assumes all obligations under the Grant, with appropriate adjustments to preserve the value of the Grant, or provides a substitute award for the Grant on substantially the same terms and conditions with substantially the same value, in either case as determined by the HRCC, in its sole discretion, the existing vesting schedule of such Grant will continue to apply; (ii) to the extent the successor to or acquiror of the Company does not assume all obligations under or provide a substitute for the Grants held by a participant at the time of the change in control on substantially the same terms and conditions with substantially the same value as of the effective date of the change in control, then (x) any restrictions imposed on RSUs outstanding as of the effective date of the change in control shall lapse, (y) satisfaction of the performance conditions with respect to all PSUs outstanding as of the effective date of the change in control shall be determined based on performance up to the effective date of the change in control, or where the performance conditions relate to the quarterly financial performance of the Company, to the end of the most recent fiscal quarter of the Company preceding the effective date of the change in control, and (z) all RSUs and/or PSUs that have not previously vested shall immediately vest as of the effective date of the change in control. Notwithstanding the foregoing, if a participant is terminated without cause or resigns with good reason during the 18 month period following a change in control, then (x) any remaining restrictions applicable to the participant's outstanding RSUs shall lapse, (y) satisfaction of the performance conditions with respect to the participant's outstanding PSUs shall be determined based on performance up to the effective date of the change in control, or where the performance conditions relate to the quarterly financial performance of the Company, to the end of the most recent fiscal quarter of the Company preceding the effective date of the change in control, and (z) all RSUs and/or PSUs that have not previously vested shall immediately vest on the effective date of the participant's termination.

### Amendment and Termination of the LTIP

The LTIP and any Grant made pursuant to the LTIP may be amended, modified or terminated by the Board without approval of Shareholders, provided that no amendment may be made without the consent of a participant if it adversely affects the rights of the participant in respect of any Grant previously made to such participant. For greater certainty, the LTIP may not be amended without shareholder approval to allow any of the following: (a) amendment for which shareholder approval is required under law; (b) increase in the maximum number or percentage of Common Shares issuable under the LTIP; (c) extension of the term of Share Units held by Insiders; (d) increase to the Insider participation limits under the LTIP; (e) change in Eligible Persons that may permit the introduction or reintroduction of non-employee directors on a discretionary basis; (f) amendment that would allow Share Units granted under the LTIP to be transferable or assignable other than for estate settlement purposes; or (g) amendment to the LTIP's amendment provisions.

Shareholder approval will not be required for the following amendments: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of any Grants; (c) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or (d) amendments to the provisions relating to a Change in Control.

## **EXECUTIVE DSU PLAN**

The Company has adopted the Executive DSU Plan, which is a component of the Company's long-term incentive compensation arrangements available for our executive employees (the "Eligible Executives"). The purposes of the Executive DSU Plan are (a) to promote a further alignment of interests between the Eligible Executives and the shareholders of the Company, and (b) to associate a portion of Eligible Executives' compensation with the returns achieved by shareholders of the Company.

### **Administration**

The Executive DSU Plan is administered by the HRCC, in its sole and absolute discretion.

### **Election Process**

The Executive DSU Plan provides Eligible Executives with the opportunity to elect to receive a portion of their short-term incentive compensation in the form of deferred share units ("DSUs"), representing a unit equivalent in value to a Common Share in accordance with the terms of the Executive DSU Plan. Such DSUs are fully vested upon being credited to an Eligible Executive's account.

The HRCC may also award DSUs to an Eligible Executive as the HRCC deems advisable. Such DSUs vest in accordance with such terms and conditions as may be determined by the HRCC and set out in the DSU award agreement.

### **Redemption of DSUs**

The Eligible Executive, or the beneficiary of an Eligible Executive, is entitled to redeem the Eligible Executive's DSUs following the Eligible Executive's death, disability, resignation or retirement from the Company or termination (with or without cause) as an employee, or if such Eligible Executive becomes a member of the Board, upon resignation or retirement as a director.

An Eligible Executive who redeems DSUs shall be entitled to receive a cash payment in an amount equal to the Market Value (as defined in the Executive DSU Plan) of the DSUs that are being redeemed as of the entitlement date applicable to such DSUs, net of any applicable withholding taxes and other required source deductions.

DSUs granted under the Executive DSU Plan are not assignable or transferable, other than by will or the laws of descent and distribution. The Executive DSU Plan does not include a maximum that may be issued to a participant.

### **Adjustments and Reorganizations**

The Executive DSU Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Common Shares or distribution of rights to shareholders or any other form of corporation reorganization, to any DSUs then outstanding to preclude a dilution or enlargement of the benefits under the Executive DSU Plan.

### **Plan Amendment and Termination**

The Board may amend or terminate the Executive DSU Plan as it deems necessary or appropriate, but no such amendment or termination shall adversely affect the rights of an Eligible Executive with respect to any amount in respect of which an Eligible Executive has then elected to receive DSUs which the Eligible Executive has then been granted under the Executive DSU Plan, without the consent of the Eligible Executive or unless required by law. All DSUs granted under the Executive DSU Plan, and any payments made under the Executive DSU Plan in respect of any DSUs, are subject to clawback or recoupment as permitted or mandated by applicable law, rules, regulations or any Company policy as enacted, adopted or modified from time to time.

## **DIRECTORS' DSU PLAN**

The Company has adopted the Directors' DSU Plan, which is a component of the Company's long-term incentive compensation arrangements available for our non-employee directors (the "Eligible Directors"). The purposes of the Directors' DSU Plan are (a) to promote a further alignment of interests between the Eligible Directors and the shareholders of the Company, (b) to associate a portion of Eligible Director's compensation with the returns achieved by shareholders of the Company, and (c) to attract and retain directors with the knowledge, experience and expertise required by the Company.

### **Administration**

The Directors' DSU Plan is administered by the Corporate Governance Committee, in its sole and absolute discretion.

### **Election Process**

The Directors' DSU Plan provides Eligible Directors with the opportunity to receive a portion of their compensation in the form of DSUs, representing a unit equivalent in value to a Common Share in accordance with the terms of the Directors' DSU Plan.

### **Redemption of DSUs**

The Eligible Director, or the beneficiary of an Eligible Director, is entitled to redeem the Eligible Director's DSUs following the Eligible Director's death, disability, resignation or retirement from our Board, or if such director becomes an employee of the Company, upon termination (with or without cause) as an employee.

An Eligible Director who redeems DSUs shall be entitled to receive a cash payment in an amount equal to the Market Value (as defined in the Directors' DSU Plan) of the DSUs that are being redeemed as of the entitlement date applicable to such DSUs, net of any applicable withholding taxes and other required source deductions.

DSUs granted under the Directors' DSU Plan are not assignable or transferable, other than by will or the laws of descent and distribution. The Directors' DSU Plan does not include a maximum that may be issued to a participant.

### **Adjustments and Reorganizations**

The Directors' DSU Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Common Shares or distribution of rights to shareholders or any other form of corporation reorganization, to any DSUs then outstanding to preclude a dilution or enlargement of the benefits under the Directors' DSU Plan.

### **Plan Amendment and Termination**

The Board may amend or terminate the Directors' DSU Plan as it deems necessary or appropriate, but no such amendment or termination shall adversely affect the rights of an Eligible Director with respect to any amount in respect of which an Eligible Director has then elected to receive DSUs which the Eligible Director has then been granted under the Directors' DSU Plan, without the consent of the Eligible Director or unless required by law.



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