Annual Information Form

February 12, 2026

DEFINITY FINANCIAL CORPORATION

definity.

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Portions of the Company's annual consolidated financial statements (the "Annual Financial Statements") and management's discussion and analysis (the "Annual MD&A") for the year ended December 31, 2025 are incorporated by reference into this Annual Information Form ("AIF"). The Annual Financial Statements and the Annual MD&A are available online on SEDAR+ (www.sedarplus.ca).

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GENERAL MATTERS

In this AIF, unless the context otherwise requires, the terms “Definity”, “Company”, “we”, “our” and “us” or similar terms refer, at all times prior to completion of the demutualization (the “Demutualization”) of Definity Insurance Company, formerly named Economical Mutual Insurance Company (“Definity Insurance”), to Definity Insurance and its consolidated subsidiaries (including Definity Financial Corporation), and at all times on or after the Demutualization, to Definity Financial Corporation and its consolidated subsidiaries (including Definity Insurance).

Unless otherwise indicated, all information in this AIF is presented as at and for the year ended December 31, 2025, and all dollar amounts are expressed in Canadian dollars. The information contained on our websites, including at www.definity.com, does not form part of this AIF.

All references in this AIF to “management” or “senior management” are to the persons who are identified in this AIF as the executive officers of the Company. See “Directors and Executive Officers”. In addition, unless otherwise indicated, ranking information included in this AIF was obtained from MSA Research and is based on insurance revenue data for the 6 months ended June 30, 2025.

This AIF contains supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios. Please refer to Section 13 – Supplementary financial measures and non-GAAP financial measures and ratios in the Annual MD&A for further details, which is hereby incorporated by reference and is available on the Company’s website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future business, financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “aims”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “can”, “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding possible future events or circumstances. This AIF contains forward-looking statements with respect to the Company’s agreement with St. Paul Fire and Marine Insurance Company and Travelers Casualty and Surety Company (collectively, “Travelers”) to acquire Travelers’ Canadian P&C insurance operations, excluding its Canadian surety business and certain select business lines retained by Travelers, for cash consideration of approximately $3.3 billion (the “Travelers Transaction”).

Estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial, and other benefits resulting from the Travelers Transaction, and the implications of the economic, political and geopolitical environments and industry conditions during the integration period. There can be no assurance that the strategic, financial, and other benefits expected to result from the Travelers Transaction will be realized.

Forward-looking information in this AIF is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a

careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as at the date such statements are made, and are subject to many factors that could cause our actual results, performance or achievements, or other future events or developments, to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- Definity's ability to continue to offer competitive pricing, product features, or services that are attractive to customers;
- Definity's ability to appropriately price its insurance products to produce an acceptable return, particularly in provinces where the regulatory environment requires auto insurance rate increases to be approved or that otherwise impose regulatory constraints on auto insurance rates;
- Definity's ability to accurately assess the risks associated with the insurance policies that it writes;
- Definity's ability to assess and pay claims in accordance with its insurance policies;
- Definity's ability to obtain adequate reinsurance coverage to manage risk;
- Definity's ability to accurately predict future claims frequency or severity, including the frequency and severity of weather-related events and the impact of climate change;
- Definity's ability to address inflationary cost pressures through pricing, supply chain, or cost management actions;
- the occurrence of unpredictable catastrophe events;
- litigation and regulatory actions, including potential claims in relation to the Demutualization and our initial public offering of Common Shares (the "IPO") and unclaimed demutualization benefits and the tax treatment of related amounts transferred to the Company, and COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity's ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- Definity's ability to improve its combined ratio, retain and attract new business, retain key employees, achieve synergies, and maintain market position during and after the integration of the Travelers Transaction;
- Definity's ability to complete the integration of the Travelers Transaction within anticipated time periods and at the expected cost;
- estimates and expectations in relation to future economic and business conditions and other factors in relation to the Travelers Transaction and any resulting impacts on growth and accretion in various financial metrics;
- unfavourable capital market developments, interest rate movements, changes to dividend policies or other factors which may affect our investments or the market price of our common shares;
- changes associated with the transition to a low-carbon economy, including reputational and business implications from stakeholders' views of our climate change approach or of our environmental or climate change-related representations (i.e. "greenwashing"), those of our industry, or those of our customers;
- Definity's ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity's ability to meet payment obligations as they become due;
- Definity's ability to maintain its financial strength rating or credit ratings;
- Definity's dependence on key people;
- Definity's ability to attract, develop, motivate, and retain an appropriate number of employees with the necessary skills, capabilities, and knowledge;
- Definity's ability to appropriately collect, store, transfer, and dispose of information;
- Definity's reliance on information technology systems, software, internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including disruption as a result of cyber security risk or of a third-party service provider;

- failure of key service providers or vendors to provide services or supplies as expected, or comply with contractual or business terms;
- Definity's ability to obtain, maintain and protect its intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- Definity's ability to effectively govern the use of, and extract value from, models, artificial intelligence, generative AI, and agentic AI technologies;
- compliance with and changes in legislation or its interpretation or application, or supervisory expectations or requirements, including changes in the scope of regulatory oversight, effective income tax rates, risk-based capital guidelines, accounting standards, and generally accepted actuarial techniques;
- changes in domestic or foreign government policies, such as cross-border tariffs, trade policies, or trade agreements may negatively impact the Canadian economy and the P&C insurance industry and/or exacerbate other risks to Definity;
- failure to design, implement and maintain effective controls over financial reporting and disclosure which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or administering insurance claims;
- Definity's ability to respond to events impacting its ability to conduct business as normal;
- Definity's ability to implement its strategy or operate its business as management currently expects;
- general business, economic, financial, political, geopolitical, and social conditions, particularly those in Canada;
- the emergence or continuation of widespread health emergencies or communicable disease, and their impact on local, national or international economies, as well as their heightening of certain risks that may affect our business or future results;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of advanced technologies including AI and agentic AI, disruptive innovation or alternative business models by current market participants or new market entrants;
- distribution channel risk, including Definity's reliance on brokers to sell its products;
- Definity's dividend payments being subject to the discretion of the board of directors of the Company and dependent on a variety of factors and conditions existing from time to time;
- Definity's dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity's ability to manage and access capital and liquidity effectively;
- management's estimates and judgments in respect of IFRS 17 and its impact on various financial metrics;
- periodic negative publicity regarding the insurance industry, Definity, or Definity Insurance Foundation; and
- management's estimates and expectations in relation to interests in the broker distribution channel and the resulting impact on growth, income, and accretion in various financial metrics.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in Section 12 – Risk Management and Corporate Governance of the Annual MD&A should be considered carefully by readers.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, the factors above are not intended to represent a complete list and there may be other factors not currently known to us or that we currently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such forward-looking information will

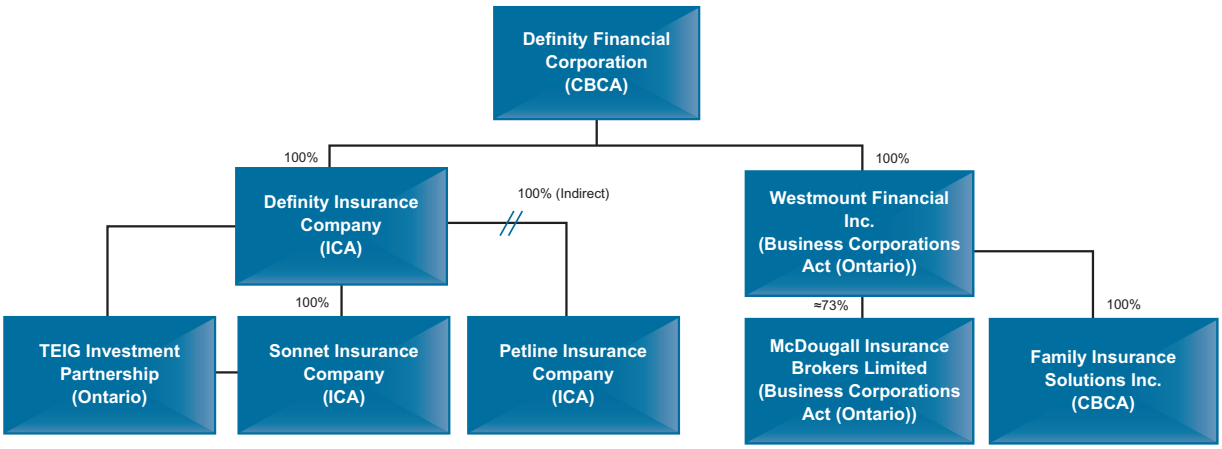
prove to be accurate, as actual results could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as at the date made. The forward-looking information contained in this AIF represents our expectations as at the date of this AIF (or as at the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention, obligation, or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this AIF is expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

Definity Financial Corporation was incorporated under the *Insurance Companies Act* (Canada) ("ICA") on June 30, 2021 pursuant to letters patent of incorporation and continued to the *Canada Business Corporations Act* ("CBCA") effective January 1, 2024. Our head and registered office is located at 111 Westmount Road South, Waterloo, Ontario N2L 2L6.

The following diagram shows our principal subsidiaries, as of December 31, 2025. The Company owns, directly or indirectly, 100% of the voting securities in each of its principal subsidiaries. Each of Definity Insurance, Sonnet Insurance Company ("Sonnet") and Petline Insurance Company ("Petline") is governed by the ICA and subject to federal insurance regulation and oversight. Westmount Financial Inc. ("Westmount") is a holding company that owns Family Insurance Solutions Inc. ("Family Insurance"), a distributor of Definity Insurance products, and an approximate 73% interest in McDougall Insurance Brokers Limited ("McDougall"), one of the ten largest property and casualty insurance brokerages in Canada.



GENERAL DEVELOPMENT OF THE BUSINESS

We are the sixth largest provider of property and casualty ("P&C") insurance in Canada. We had over $4.8 billion in gross written premiums ("GWP") for the 12 months ended December 31, 2025. On January 2, 2026, Definity completed the Travelers Transaction, which establishes the Company as a top 5 P&C insurer in Canada. Information regarding the Travelers Transaction is provided in Section 2 – Acquisition of Travelers' Canadian P&C Insurance Business, which section is incorporated herein by reference.

The following outlines material events in the last three completed financial years that have influenced the general development of the business.

Three Year History

On February 9, 2023, Definity announced the implementation of a Dividend Reinvestment Plan ("DRIP"). It provides the Company's eligible shareholders with the opportunity to have all, or a portion of the cash

dividends declared on their common shares automatically reinvested into additional common shares of the Company on an ongoing basis until DRIP participation has been modified or terminated.

On May 8, 2023, the Company, through its subsidiary McDougall, purchased 100% of the shares of McFarlan Rowlands Insurance Brokers Inc. ("McFarlan Rowlands") and affiliated entities for aggregate cash and share consideration of $232 million (subject to closing and post-closing adjustments). The acquisition was completed on May 8, 2023, and was financed by Definity, through McDougall, using a combination of excess capital and debt, as well as shares issued by McDougall to McFarlan Rowlands shareholders.

On May 29, 2023, Definity announced that it received approvals from the Toronto Stock Exchange ("TSX") and the Office of the Superintendent of Financial Institutions ("OSFI") to commence a normal course issuer bid ("NCIB"). As a result, the Company was authorized, during the 12-month period beginning on May 31, 2023 and ending on May 30, 2024, to purchase up to 3,476,781 of Definity's Common Shares, representing 3% of the issued and outstanding Common Shares, by way of a NCIB on the TSX or through alternative trading systems in Canada or by such other means as may be permitted by the TSX or under applicable law. Pursuant to a previous NCIB, Definity was authorized by the TSX to purchase up to 3,476,781 Common Shares from May 12, 2022 to May 16, 2023. Definity purchased no Common Shares under this previous NCIB.

On June 13, 2023, Definity, through its subsidiary McDougall, entered into a definitive agreement to acquire100% of Drayden Insurance Ltd. ("Drayden") for $208 million, subject to closing and post-closing adjustments. The acquisition of Drayden by McDougall provided an opportunity to expand outside of Ontario and immediately establish a leadership position in Alberta's insurance broker market. The transaction was completed on October 3, 2023, and was financed by Definity, through McDougall, using a combination of excess capital and debt.

On January 1, 2024, Definity completed its continuance to the CBCA and is no longer incorporated under the ICA nor subject to its leverage restrictions. As such, the financing commitment under the company's unsecured committed credit facility automatically increased upon continuance to $700 million from $150 million, in accordance with the facility's terms.

On April 4, 2024, the board of directors of the Company (the "Board") approved the adoption of a shareholder rights plan (the "Rights Plan") pursuant to a shareholder rights plan agreement entered into with Computershare Investor Services Inc., as rights agent (the "Rights Agent"), dated April 4, 2024. The terms of the Rights Plan are substantially similar to the terms of rights plans adopted by other substantial Canadian issuers. The Rights Plan was approved by Definity's shareholders at its annual and special meeting of shareholders on May 17, 2024 (the "2024 Annual Meeting").

On April 4, 2024, the Company announced that Barbara Fraser would be retiring from the Board at the 2024 Annual Meeting.

On May 29, 2024, Definity announced that it had received approval from the TSX to renew its NCIB. Definity was authorized, during the 12-month period commencing May 31, 2024 and ending May 30, 2025, to purchase up to 3,476,781 of Definity's Common Shares, representing 3% of the issued and outstanding Common Shares, by way of a NCIB on the TSX or through alternative trading systems in Canada or by such other means as may be permitted by the TSX or under applicable law. Definity purchased no Common Shares under its previous NCIB.

On July 11, 2024, the Company obtained a receipt for a new base shelf prospectus. The new base shelf prospectus would allow the Company to continue to offer, over a 25-month period, an aggregate of any combination of debt, preferred or common share securities, subscription receipts, warrants, share purchase contracts and units.

On August 1, 2024, Definity announced the appointment of Sonia Baxendale to its Board.

On March 18, 2025, Swiss Re agreed to sell 1,647,217 Common Shares of Definity representing approximately 10.05% of the issued and outstanding Common Shares as of March 17, 2025 (the "Offering"). The Common Shares were sold by Swiss Re Investment Holdings Company Ltd on an underwritten block trade basis at a price of $56.20 per Common Share for aggregate cash proceeds of approximately $655 million. The Offering was underwritten by CIBC Capital Markets and National Bank Financial Inc. and closed on March 19, 2025. Upon giving effect to the Offering, Swiss Re no longer held any Common Shares.

Acquisition of Travelers' Canadian P&C Insurance Business

On May 27, 2025, Definity announced that it had entered into a definitive agreement (the "Purchase Agreement") with Travelers, to acquire Travelers' Canadian P&C insurance business, excluding surety and certain select business lines retained by Travelers, for cash consideration of approximately $3.3 billion. For more information on the financing of the Travelers Transaction, please refer to the news release dated May 27, 2025, which is hereby incorporated by reference and is available on the Company's website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

On June 11, 2025, the Company completed its private placement of common shares with a syndicate of underwriters led by RBC Capital Markets as sole bookrunner (collectively the "Underwriters"), pursuant to which Definity has issued 4,631,000 common shares of the Company at an offering price of $66.65 per Common Share for gross proceeds of approximately $309 million. In connection with the exercise by Healthcare of Ontario Pension Plan Trust Fund ("HOOPP") of its pre-emptive right (as defined below) under the governance agreement dated November 23, 2021 between Definity and HOOPP (the "HOOPP Governance Agreement"), HOOPP purchased, on a private placement basis, 1,151,256 Common Shares at a price of $66.65 per Common Share, for aggregate gross proceeds of $76,731,212.

On September 11, 2025, Definity announced that it intended to issue $1 billion aggregate principal amount of senior unsecured notes in two series by way of private placement to accredited investors in Canada (the "Bond Offering"). The Bond Offering included (i) $650 million aggregate principal amount of 3.709% Series 1 senior unsecured notes due September 12, 2030 (the "2030 Notes") and (ii) $350 million aggregate principal amount of 4.393% Series 2 senior unsecured notes due September 12, 2035 (the "2035 Notes" and, together with the 2030 Notes, the "Notes"). The Bond Offering was conducted via an agency agreement between Definity and a syndicate co-led by RBC Capital Markets and TD Securities dated September 10, 2025 (the "Agency Agreement"). For more information on the $1 billion private placement of the Notes, please refer to the news release dated September 11, 2025, which is hereby incorporated by reference and is available on the Company's website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

On January 2, 2026, Definity announced that it had completed the Travelers Transaction.

On January 13, 2026, the Company announced that Richard (Dick) Freeborough had retired from its Board, effective January 12, 2026.

DESCRIPTION OF THE BUSINESS

Our management and directors review the results of operations based on one reportable segment, the P&C insurance segment. The operating results of this segment are regularly reviewed by senior management to make decisions about the allocation of resources and to assess our performance. Information regarding this segment is provided in Section 3 – Financial Performance and Section 4 – Results by Line of Business of the Annual MD&A, which sections are incorporated herein by reference.

Overview

We offer both personal and commercial insurance products. Through our personal lines insurance operations, which represented 68% of our GWP in 2025, we offer auto, property, liability, and pet insurance products to individual customers. Our commercial lines insurance offering, which represented 32% of our GWP in 2025 includes fleet, individually-rated commercial auto ("IRCA"), property, liability, and specialty insurance products, which are provided to businesses of all sizes in Canada.

As a multi-channel insurer, we distribute our products on a primarily intermediated basis, through brokers, as well as directly to customers. We have active relationships with a network of approximately 600 independent brokerage firms. Our direct distribution channel includes Sonnet, Petline, and portions of our group insurance offering. In 2025, broker and direct distribution represented 92% and 8%, respectively, of our total GWP.

Our P&C insurance business is supported by our investment management activities. We had approximately $6.9 billion in investments as at December 31, 2025. A key tenet of our investment philosophy is the preservation of capital through portfolio diversification and a strong focus on high quality assets. Our investment portfolio is comprised primarily of short-duration, investment grade fixed income investments, which generally reduces the impact of volatility related to macroeconomic conditions.

Companies

We offer our insurance products primarily through the four companies listed below, allowing for a diversified and differentiated go-to-market strategy tailored to the specific needs of our various customer groups and brokers:

- Definity Insurance is our largest insurance company and provides insurance solutions through the broker channel. Definity Insurance represented approximately 83% of our total GWP in 2025. Definity Insurance through its Economical brand offers: auto, property, liability, and specialty insurance products to individuals and businesses; group insurance, providing Canadians with access to exclusive, discounted group auto and home insurance through their employer, labour union, or professional, occupational or alumni associations; and small businesses and mid-market insurance, as well as specialty offerings for larger enterprises.

- Sonnet, our digital direct insurance offering, targets individuals, corporate groups and affinity members who prefer to purchase insurance online. Sonnet represented approximately 6% of our total GWP in 2025. Sonnet's multi-product offering includes auto, home, condo, tenant, landlord, and pet insurance, and an online customer rewards platform of partner offerings. Sonnet offers insurance products in Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Québec.

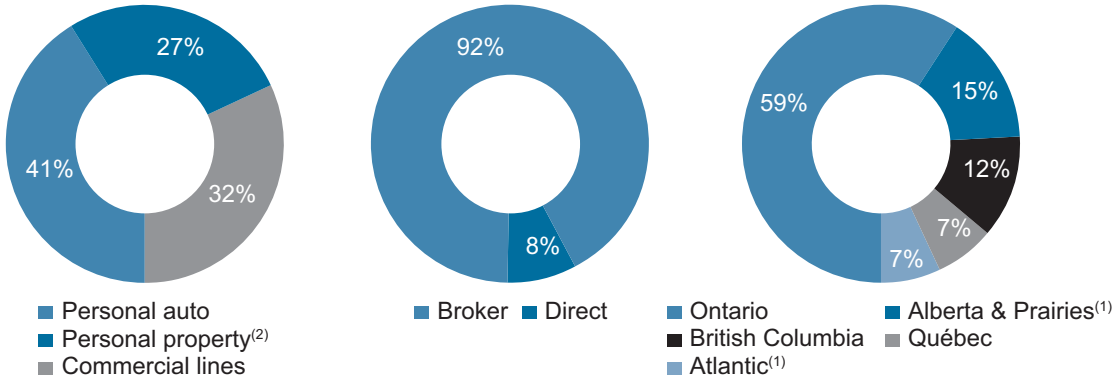
- Family Insurance is a distributor of home and optional auto personal insurance, which distributes Definity Insurance products on an exclusive basis through brokers in British Columbia. In 2025, Family Insurance distributed approximately 9% of our total GWP. Optional auto insurance provides individuals in British Columbia with additional coverage over the basic compulsory insurance, which is only offered by Insurance Corporation of British Columbia, a provincial Crown corporation.

- Petline is one of Canada's oldest and largest pet insurance companies and represented approximately 2% of our total GWP in 2025. Through its brands, Petsecure and Peppermint, Petline provides coverage options to meet the pet insurance needs of individuals in all provinces and territories of Canada. Petsecure and Peppermint are sold on a direct basis online and through our branding partners.

Products and Services

We sell insurance products under two business lines: personal lines and commercial lines. We have a national presence and conduct business in all provinces and territories of Canada. The following chart shows the breakdown of our GWP for 2025 by business line, distribution channel and region, respectively.

2025 GWP



Notes:
(1) Alberta and Prairies includes Alberta, Saskatchewan, Manitoba and the territories. Atlantic includes Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island.
(2) Personal property includes pet insurance business.

Personal Lines

We are the sixth largest provider of personal lines P&C insurance in Canada and the third largest within the broker channel. Our personal lines product offering consists of auto, property, general and umbrella liability, and pet insurance sold to individuals or groups of individuals under the Economical, Sonnet, Family, Petsecure and Peppermint brands and on a white-label basis. We distribute our personal insurance products through our broker and direct-to-customer channels. See “Distribution Channels”.

Our personal auto insurance business, which accounted for 61% of our personal lines GWP in 2025, provides insurance coverage to our customers for accident benefits (or personal injury), physical damage to their vehicles, and liability. Insurance coverage also includes third-party liability coverage in the event our customers are found legally responsible for an injury or damage to someone else’s belongings. Auto liability covers the payment of damages by insured persons who have caused bodily injury or property damage to third parties as a result of an accident. The accident benefits portion of the insured’s auto coverage is designed to cover items including rehabilitation treatment, income replacement, and other services needed to help them recover. Accident benefits coverage is mandatory for drivers in every province and territory.

Our personal property insurance business, which accounted for the balance of our personal lines GWP in 2025, provides insurance coverage to our customers for damage to their residential or other properties and related assets, caused by a wide range of perils, including flood, earthquake, fire, theft, vandalism, wind, water, hail and lightning. This can include insurance coverage for personal liability in respect of insured properties that protects an individual from legal risk due to injury or negligence. Our personal property business also includes pet insurance, which provides pet owners with comprehensive health coverage for dogs and cats.

Personal lines products are sold on an individual or group basis. Group products are currently marketed in all provinces in Canada. Discounts on personal auto and property coverage are provided to members of employer and affinity groups, with pricing based on the unique risk characteristics of the group. Group participants include employers, labour unions, professional, occupational, and alumni associations, and other non-profit organizations.

Commercial Lines

We are the seventh largest provider of commercial insurance in Canada. Our core commercial lines product offering includes auto, property, liability, and specialty insurance which are sold under the Definity Insurance

and Economical Insurance brands. We distribute our commercial products through our network of brokers and managing general agents in all provinces of Canada. See “Distribution Channels”.

Our commercial auto insurance business provides insurance coverage for IRCA, as well as fleets of commercial vehicles, public vehicles, and garage risks. Our commercial property and liability insurance business provides coverage to businesses for building and contents, stock and equipment, fidelity, crime, business interruption arising from physical harm to property, cyber risk, inland marine, boiler machinery, mechanical breakdown, and general liability. Our specialty offerings include surety, agriculture, directors and officers, errors and omissions, and large account solutions.

We market our commercial insurance products to small businesses and mid-market companies, as well as specialty offerings for a number of targeted segments. Target customers in the small business segment generally have less complex insurance needs. Our mid-market operations are focused on customers in select industries with more complex insurance requirements. Our specialty commercial operations provide coverage for more complex risks requiring specialized underwriting, risk management, and claims handling expertise.

Distribution Channels

We operate a multi-channel distribution model in order to serve as large a group of customers as possible and address different, and evolving, preferences in how customers choose to interact with their insurer. We distribute the majority of our personal and commercial products through a national network of brokers where we have a longstanding presence. We also distribute our personal insurance products directly to customers through Sonnet and Petline, and have distinct group distribution capabilities within our broker and direct channels.

Broker Distribution

We have active relationships with a network of brokers who act as intermediaries on behalf of customers who wish to purchase P&C insurance. Our broker network includes a diversified mix of multi-national, national, regional, and local brokerage firms.

The scale and the strength of our relationships with our brokers provide a continued source of opportunities to grow our business and extend our product offerings. We believe that our success in the broker channel is attributed to our focus on providing our brokers with a strong value proposition, delivering quality service to both brokers and customers, offering competitive products and prices for the coverage that customers need, and being a partner with whom it is easy to do business.

Our dedicated business development teams across Canada support brokers and assist them with sales planning, new business generation, marketing support, skills training, product knowledge and underwriting support services. Our national broker support centres located in Ontario and Québec provide quality service to brokers through dedicated teams for personal insurance and non-complex commercial business insurance. We also have branch offices and service centres across Canada. Regional teams have underwriting expertise for more complex commercial insurance business specific to regional conditions and coverage needs. In British Columbia, we distribute our personal insurance products through Family Insurance and our commercial insurance products through brokers. Family Insurance operates as a managing general agent in British Columbia and includes a broker support centre in Vancouver. Managing general agents are wholesale brokers that operate on behalf of us and are authorized to deliver and service our products to both retail brokers and customers.

The compensation we offer brokers includes base and overriding commissions, bonuses and the opportunity to participate in profit sharing. We believe that our compensation practices are generally in line with the industry. We also provide financing and other financial transaction support to a segment of our brokers who have strong potential for future growth and underwriting profitability. By investing in our broker network, we

enable our brokers to achieve their financial and strategic objectives, including growth and succession planning. Our financial support includes a range of equity investment and debt financing options aimed at strengthening our strategic alignment and relationships with key brokers.

Distribution partnerships are a key area of focus for our corporate strategy, given the diversification benefits they can provide as a complementary source of income. During 2025, we continued to support McDougall's inorganic growth including ten acquisitions in 2025 after completing nine acquisitions in 2024. These acquisitions have enabled McDougall to continue to increase its scale and expand its geographic reach in Ontario and to Alberta and Nova Scotia. As at December 31, 2025, our interest in McDougall was approximately 73%.

Our Vyne platform represented a significant investment to support the needs of our brokers and customers for more efficient service and use of the latest technology tools. The foundation for Vyne is a highly flexible policy administration and billing system based on a leading back-end software and analytics solution from Guidewire Software. Leveraging customer-supplied information and strategic third-party data, we have layered advanced analytics and real-time integration onto our quoting and broker management systems. This gives us the ability to readily scale to customer demand and market conditions. Vyne enables rapid adaptation of underwriting rules and ratings to respond to changes in market conditions with greater agility, and further supports our customized risk selection and pricing. The platform also enhances our brokers' experience, by integrating with all major broker management systems and leading quoting vendors, respectively, to allow for guaranteed quote accuracy at the point-of-sale and improved efficiencies in customer policy management for brokers. Integration of Vyne with third-party data providers minimizes broker input and processing and shortens the time it takes for brokers to quote and bind policies, including policy changes and document issuance. Brokers are able to make account changes in real-time through our enhanced billing menu, which allows brokers to provide customers with greater flexibility, reliability and efficiency. Through automation of administrative processes and the removal of process inefficiencies, we have made it easier for our brokers to do business with us.

Direct Distribution

Sonnet

Sonnet offers a fully digital P&C insurance platform that allows customers to obtain a quote and purchase personal line insurance directly online. Sonnet offers customizable auto and property insurance solutions directly to customers in Ontario, Québec, New Brunswick, Nova Scotia, and Prince Edward Island, and offers customizable property insurance solutions directly to customers in Alberta and British Columbia. In June 2021, Sonnet began offering pet insurance solutions in certain provinces across Canada, which are underwritten by Petline.

Sonnet's platform typically enables customers to generate a quote and purchase their insurance coverage online in five minutes or less. This is achieved through a combination of rating sophistication, third-party data enrichment, personalized pricing, simplified underwriting, intuitive customer interface, and automation of workflow from quote-to-issuance. Sonnet leverages our modern technology platform with real-time analytics and quoting technology to deliver custom recommendations, while enabling data enrichment and fraud control in a secure, reliable, and scalable infrastructure.

Sonnet's agile model allows it to efficiently acquire customers, with expected growth based on size of marketing investment. Sonnet leverages a combination of targeted digital marketing, mass media brand advertising and high-profile sponsorships to drive quality customers to Sonnet. Acquisition costs are expected to decrease as scale and retention increase.

Petline

Petline is a leader in providing coverage for dogs and cats of all breeds and ages. Petline sells its products directly to customers online, by phone, and by working with veterinary clinics, breeders and pet shelters on a

referral basis. Petline offers comprehensive and cost-effective plans through our brands, Petsecure and Peppermint, and also underwrites on a white-label basis for a number of partners to leverage the brand equity and distribution channels of a number of Canadian companies.

Through Petline we operate a national customer care centre based in Winnipeg that is staffed with an experienced team of licensed insurance advisors and pet owners with the ability to meet our customers' needs in English and French. The contact centre features call support technology and software which allows us to stream and manage customer inquiries and product purchases quickly and efficiently.

To drive distribution of our products in veterinary clinics, breeders, and pet shelters, we have an experienced national sales team comprised of individuals with previous experience working in veterinary practices. Our teams work closely with veterinary professionals and pet owners to educate them on the benefits of pet insurance. Our national sales team also helps drive our strategic partnerships. We have white-label underwriting partnership agreements, which are compensated based on a percentage of GWP, and active referral group partners, who are compensated based on referrals, to support distribution of our products and also help build awareness about pet health care and responsible pet ownership amongst Canadians.

Group Distribution

We work closely with organizations and brokers across Canada to provide exclusive discounted home and auto insurance rates to target group members. We have distinct group distribution strategies within our broker and direct channels.

To support the broker channel, we operate a sales and service centre that offers brokers multiple different distribution options to help them increase their penetration of targeted segments. Within the direct channel, we target groups through Sonnet and Petline. Sonnet in particular provides us with an opportunity to meaningfully grow our group business using its sophisticated marketing and customer origination capabilities, which give us the ability to reach customers directly or through partnerships that deliver target customer profiles at a lower acquisition cost.

Industry Pools

We participate in industry automobile pools administered by Facility Association and the *Groupement des assureurs automobiles*.

Facility Association is an unincorporated non-profit association of insurers that operates in various provinces and territories in Canada. It guarantees the availability of automobile insurance through two key mechanisms:

- **the residual market mechanism**: an arrangement between Facility Association and select member automobile insurance companies who act as "servicing carriers" that issue and endorse policies, receive premiums and adjust claims on behalf of the member companies of Facility Association. All policies written through the residual market mechanism are subject to the rules, rates and classification of Facility Association.

- **risk-sharing pools**: these operate in Ontario, Alberta, New Brunswick, Nova Scotia and Newfoundland and Labrador and only apply to private passenger vehicles. They accept risks underwritten by members at their own approved premium levels or at a regulated maximum level where applicable. Insurers issue policies on their own book, and then have the option of keeping such business or transferring it to the risk-sharing pool where eligible. Each risk sharing pool has its own eligibility guidelines for risk submission. Industry participants share in the surpluses and deficits of Facility Association in accordance with their market share by jurisdiction and accident year.

The *Groupement des assureurs automobiles* administers the *Plan de répartition des risques*, a risk-sharing pool in Québec, on behalf of its member insurers.

Marketing

Definity is built on our brand promise of making insurance better. We are purpose-driven, seeking to build a better world by helping our clients and communities adapt and thrive. Every Definity brand, product or service starts by understanding the needs of clients and/or brokers who choose to place their trust in us. Experienced, innovative and forward-thinking Definity leaders then integrate these insights to provide meaningful value.

Core value comes from delivering a better insurance experience to our clients, brokers, employees, and the communities we serve. This includes continually evolving and improving our products and services to maintain relevance, differentiate our offering, build affinity, and proactively address trends and market forces. We accomplish this with market insights to competitively address industry gaps and opportunities, focused innovation, performance-relevant technologies, and leading expertise, all delivered through a caring, human-centered insurance experience. Currently, Definity provides product and service experiences through four key brands with tailored marketing strategies to build awareness, familiarity and affinity while driving growth:

- **Economical Insurance**: The key marketing focus with Economical is building broker preference and supporting authentic relationships that work. The team leverages brand-building initiatives, aligned partnerships, corporate events, broker engagement, public and media relations, advertising, digital and social media marketing, and corporate communication to achieve growth objectives.

- **Sonnet Insurance**: Sonnet operates as a digital-first brand with an in-house marketing operation focused on digital direct marketing to drive qualified lead generation. Marketing efforts use operations and third-party data together with advanced analytics to optimize the targeting and segmentation of potential clients. Marketing strategies continue to evolve, leveraging the insights generated from the automated, data-driven model which focuses on client acquisition and retention.

- **Petline Insurance**: Petline engages a multifaceted marketing approach. It focuses on customer growth and retention, while also building partnerships with veterinary clinics, animal shelters, dog and cat breeders, and select brokers across Canada. Such partnerships support referrals and positively influence consideration at the time of purchase decisions.

- **Family Insurance**: Family Insurance marketing provides direct and focused support to individual brokers who sell our personal property and optional private auto insurance products in British Columbia. Utilizing a broker distribution model, our products are represented in approximately 100 independent brokerage firms operating in more than 600 locations across British Columbia.

Each of these offerings benefits from professional, corporate-level, support when it comes to reputation management. Our corporate public relations and social media teams monitor for reputation risks 24 hours a day, seven days a week with robust tools, alerts, and response models. This enables Definity to anticipate and proactively address potential reputational issues, ensuring they are identified and dealt with in a timely manner, thereby reducing risk to our operational performance while protecting profitability.

Our Marketing and Communication teams effectively develop, promote, and protect Definity's associated brands and lines of business every day as we further our purpose and deliver on our promise of making insurance better. We build competency and connection across Definity, ensuring integrity, focus and measurable impact.

Pricing and Underwriting Operations

Product pricing is in general based on expected claims frequency and severity in the period when the rates will be in effect, and takes into account the expenses associated with writing business as well as the costs of acquiring the business, claims administration and settlement expenses. Our pricing is derived from frequency of claims, severity of claims, expenses associated with writing business, claims administration and settlement costs and costs of distribution channels through which the business is written, as well as, for regulated products, limits on allowable rate increases or mandated rate reductions based on regulatory requirements governing anticipated rates of return. Our pricing strategy also considers the cost of capital required to support the business being written. The sophistication of pricing segmentation has a direct influence on the quality of risks that we will assume. Similarly, the sophistication of the risk selection process has a direct impact on the experience that is reflected in our pricing database and hence on our ability to segment and be competitive.

Personal Insurance

Sonnet and Vyne (collectively, our "Digital Platforms") were responsible for underwriting approximately 82% of our personal lines GWP in 2025. Petline and Family Insurance portfolios are underwritten by other proprietary policy administration systems. Through our Digital Platforms, we have automated the underwriting process and invested in contact centre-specific artificial intelligence ("AI"), reducing the number of front-line underwriting staff required, and empowering our team with more authority to support our customers. Our Digital Platforms have materially enhanced our data collection capabilities, and use a mix of proprietary and third-party data, and advanced pricing, segmentation and fraud detection methodologies to drive underwriting decisions. We have over 25 years of high-quality, digitized data at our disposal, which is critical to high-quality personal insurance pricing and underwriting. We continue to augment our pricing and underwriting capabilities via advanced analytics, including the deployment of AI and machine learning.

We enhance our competitive pricing position through technical pricing models and risk segmentation underpinned by disciplined claims and expense management. The selection or underwriting process attempts to quantify the potential risk characteristics associated with a customer's risk to determine eligibility and the appropriate price that should be charged. Our Digital Platforms enhance our risk-selection and pricing process by enabling rapid adaptation of underwriting rules and ratings, allowing us to respond to changes in market conditions with greater speed and agility.

Commercial Insurance

We have a disciplined approach to underwriting and risk management in commercial insurance with a strong focus on profitability. Since 2017, we have invested heavily in further strengthening our pricing and underwriting capabilities in commercial lines. We have built a team with deep underwriting expertise in our middle market and specialty segments. Additionally, we continue to maintain strong broker partnerships which are built upon exceptional service and a strong, customer-centric value proposition. We leverage our data and advanced analytics capabilities to drive our underwriting strategy and decision-making as well as enabling advanced pricing segmentation and portfolio management.

We continue to invest in technology and digitization, primarily focused on small business. Our small business offering in both auto and property is digitized with manual support provided on complex accounts. The remainder of our commercial lines risks are manually underwritten due to risk complexity and the need for underwriting expertise.

Reinsurance

In addition to comprehensive underwriting guidelines for our insurance policies, we proactively use reinsurance to further manage and mitigate risk and protect profitability from volatile events. Reinsurance is primarily used to protect against large losses from individual insurance policies or multiple claims across

many insurance policies that occur during a catastrophe event such as flooding, fire, or earthquake. Each year, senior management assesses the level of potential exposure to large losses and catastrophe events and determines the appropriate level of exposure to transfer to reinsurers based on risk appetite, pricing and availability of reinsurance. Our main excess-of-loss treaties provide protection against individual large losses above a certain threshold on property and liability as well as property when it comes to catastrophe events above a certain threshold. To address more frequent, smaller catastrophe events, we also purchase catastrophe aggregate reinsurance that provides protection against property losses once a series of smaller events reaches a defined threshold. We also utilize forms of reinsurance to help support the growth of a new product or class of business, and to expand customer offerings for risks outside of our risk appetite. This is achieved primarily through proportional reinsurance, as well as other types of reinsurance to support our business strategy.

Our reinsurance programs are supported by a diversified panel of reinsurance companies, predominantly located within Canada, with further support from Bermudian, Lloyd's of London and other markets. Counterparty credit risk is managed by ensuring adequate credit rating and capital surplus, with no single participant exposure generally being greater than 25% across our excess-of-loss treaties, subject to certain exceptions. We have established policy guidelines related to both reinsurance and capital, including a reinsurance risk management policy that generally precludes the use of reinsurers with credit rating less than "A-", and adherence to such policies is attested to on an annual basis by senior management. See Section 12 – Risk Management and Corporate Governance of the Annual MD&A, which section is incorporated herein by reference.

Claims Management

Our focus is to provide a claims experience that supports our customers in their time of need and delivers on our commitment of making insurance better. Our dedicated team of claims professionals is available 24/7, with claims personnel and contact centers across Canada. To ensure prompt assistance, we partner with third-party vendors to handle initial claim reports received outside of our extended business hours. This allows us to respond quickly to our customers' needs, no matter when they arise.

Through a streamlined intake team, our claims handling process begins with the receipt of the first notice of loss, and includes verification of coverage, claim investigation, damage assessment, vendor assignment, settlement discussions and payment, salvage operations and recuperating under subrogation or reinsurance, where appropriate. Our claims management process is supported by technical training programs, file reviews and a quarterly audit process. Our systems and processes are designed to ensure that there is ongoing monitoring, measurement, and control of all aspects of the claims process.

We also continue to invest in our analytics capabilities to align pricing and claims, which supports our predictive models to inform business decisions. We utilize training in combination with analytics to guide employees to identify risk areas and have readily accessible channels to escalate concerns. Examples include sentiment analysis in emails helping adjusters identify customer concerns in real time, leading to faster resolutions, and subrogation models that identify opportunities to recover potentially substantial amounts from responsible third parties.

Within our claims strategy, we have specifically focused on enhancing our loss reporting process through simplified intake workflows, the use of advanced analytics and automation to minimize hand-offs and optimize file management, as well as the digital integration of services and products from strategic suppliers. Our Sonnet digital loss reporting capability further simplifies and improves upon this experience through enhanced automation and analytics resulting in direct adjustor assignment. In 2025, a new operating model was implemented where adjusters directly intake newly reported claims rather than through the contact centre, which reduces hand-offs and improves customer experience, while increasing productivity.

Real-time analytics are used throughout the claims handling process to automate assignments by matching claims complexity with the most qualified claims professional and monitoring claims development to flag key

attributes, including customer experience through sentiment analysis, as well as fraud and subrogation opportunities. Additionally, digital integration of third-party services and workflows further enhance both our customer and employee experience. We continue to leverage technology to automate our adjustor intake process, including call and document summarization, to improve efficiency and provide adjusters with more time to serve customers.

With our successful implementation of Guidewire Auto Claims Centre in the second quarter of 2024 and launch of Guidewire Property Claims Center in the fourth quarter of 2025, these capabilities have been integrated into a modern, cloud-based platform, significantly improving workflows, and providing a solid foundation to leverage both our increasing scale and emerging technologies to significantly enhance our claims experience.

Claims costs in our business are impacted by claims frequency, severity, underwriting actions, and business mix. Claims frequency is influenced by severe weather and catastrophic events. Severity of claims is in turn impacted by several factors including access to medical treatment, costs of materials, vendor capacity and timely resolution of claims.

To optimize both our costs and customer experience, we handle the majority of our claims internally with our claims professionals. Last year, we in-sourced 98% of our business-as-usual claims and managed the remaining portion through our strategic vendor partner networks.

As part of our national catastrophe response strategy, we combine external partnerships with our regional contact centres and staff from our service locations to manage the intake, triage, and assignment of claims.

Dedicated catastrophe response teams are deployed to impacted areas while tactical support teams are located in our regional claims contact centres to manage the loss process and consistently deliver best-in-class customer experience. Our collaborative approach to catastrophe response and claims handling is designed to ensure that external stakeholders at all levels receive the support required. During high-volume events, we complement our response teams with domestic independent adjusters.

In addition to our claims professionals, our experienced in-house claims litigation legal team handles civil litigation relating to claims made under insurance policies. This team, located in Ontario and Alberta, provides an efficient and cost-effective alternative to relying on external resources, and remains an area of focus of internal investment. We believe this approach reduces defense costs, controls cycle time, and improves outcomes for our clients.

Investment Management

A key tenet of our investment philosophy is the preservation of capital through portfolio diversification and a strong focus on high-quality assets. Managing market liquidity, capital optimization, and taxation effects are important considerations in maximizing the risk/reward profile of our investment portfolio.

Our fixed income securities are managed by an experienced internal team. The primary objective of the bond portfolio is to outperform a blended custom benchmark portfolio constructed with a high-quality bias and lower duration to help minimize total portfolio volatility, while delivering investment income.

Domestic equities are managed by an experienced internal team, while the foreign equity portfolio is managed externally. Both portfolios are managed against relevant benchmarks. Within the broad equity asset class, we employ a fundamentals-based approach with an emphasis on investment quality to meet our primary objective of preserving the Company's capital, while delivering appropriate returns. See Section 12 – Risk Management and Corporate Governance of the Annual MD&A for further details, which section is incorporated herein by reference.

Innovation, Analytics and Intellectual Property

Innovation and Analytics

We are a data-driven organization, where sophisticated data analysis and AI solutions inform key business and strategic decisions, and the pursuit of operational efficiencies across our business. Close partnerships between our advanced analytics teams and key areas of our organization have led to the implementation of integrated analytics-based solutions across the Company. Areas of focus include enhancing underwriting and pricing sophistication, claims handling, fraud detection, customer service, targeted marketing, weather trends, distribution strategy, and talent management.

Our advanced analytics team is a multi-disciplinary professional group with experience in mathematics, statistics, machine learning, AI, geospatial analytics, operations research, and business analysis. We have strong internal expertise in applying predictive modeling and AI to improve underwriting profitability, internal efficiency, customer experience, and identification of profitable growth opportunities. The team is supported by a modern, scalable data analytics technology platform which allows for complex analytic and AI execution on personal and commercial insurance data.

This internal data platform is supplemented with third-party datasets, which provide access to additional information that enhances analysis for pricing, risk selection, and other operational initiatives.

We make use of market-leading technology providers to visualize, analyze, and model data. This has enabled us to increase our customer segmentation capabilities, make rapid product and rating adjustments, optimize real-time claim-handling decisions, and enhance fraud detection and monitoring. In addition, through our partnerships with these leading global technology providers, we benefit from thought leadership to ensure our data and analytics strategy remains robust and forward-looking.

Please also see the section “Corporate Strategy - Maintain our pace of innovation and integrate AI to drive productivity and resilience” of the Annual MD&A for further details, which section is incorporated herein by reference**.**

Intellectual Property

Our intellectual property rights are important to our business. In particular, protecting our intellectual property rights is integral to maintaining our branding, which enables us to distinguish ourselves from competitors, build a strong reputation, and develop positive customer perception. Strong branding can help attract brokers and customers and deepen their loyalty. We protect our intellectual property rights and our competitive advantage through a combination of trademarks, copyright, trade secrets and contractual provisions, and rigorously act to defend our rights from infringement. Where disclosure of proprietary information to third parties may be necessary, we use confidentiality agreements with third parties that limit access to and use of our proprietary information. We stipulate in our Code of Business Conduct that all property arising from, or created during, an employee’s performance of their duties as our employee belongs exclusively to us. We also use agreements with our contractors, that assign to us intellectual property developed in the course of their contractual engagements.

Our Employees

Definity had 3,462 full-time and part-time employees as at December 31, 2025.

Reorganizations

On January 1, 2023, for capital efficiency purposes the Company completed a corporate reorganization pursuant to which the shares of Westmount were transferred from Definity Insurance to the Company.

On January 1, 2024, Definity Insurance Company amalgamated with The Missisquoi Insurance Company, Perth Insurance Company and Waterloo Insurance Company, with Definity Insurance Company being the name of the resulting insurance company.

On January 1, 2024, Definity Financial Corporation continued to the CBCA.

Social or Environmental Policies

Sustainability and corporate performance

Definity recognizes that effective management of environmental, social and governance ("ESG") risks and opportunities is required for the long-term sustainability and performance of our business and instills trust in our clients, partners, employees, and communities. Positioning Definity as a purpose-driven sustainability leader is one of the Company's stated strategic objectives and is necessary for delivering on our purpose of building a better world by helping our clients and communities adapt and thrive. We have therefore taken steps to identify the related issues that are material to our business, and these are key inputs to our corporate strategy that we expect to contribute to short- and long-term value creation for our stakeholders.

Our Board oversees our sustainability strategy, and an executive committee, consisting of members of our senior executive team, seeks to ensure that the appropriate sustainability factors are accounted for in our long-term corporate strategy and that key risks and opportunities are managed effectively. We are committed to reporting annually on our priorities and progress, as demonstrated by our 2024 Sustainability Report, which is available on the Company's website at www.definity.com.

We have implemented corporate governance structures and supporting processes designed to ensure appropriate accountability and transparency. We are also continuously working to protect and strengthen our reputation by acting with integrity in everything we do. Our Code of Business Conduct outlines the high standards to which we hold ourselves when working with each other and our brokers and customers. Other policies including our Enterprise Sustainability Policy Statement, Supplier Code of Conduct, Sustainable Investment Policy Statement, and Human Rights Statement further articulate our approach to conducting our business in a responsible and ethical fashion.

Community Investment

Our customers are at the core of our reputation as a trusted insurance partner, and part of our relationship with our customers involves our support for the communities we serve. We are guided by our purpose of "building a better world by helping our clients and communities adapt and thrive". The Company supports a wide variety of charitable organizations whose missions are aligned with its purpose, with the majority of grants allocated to those that support communities to be more resilient to the impacts of climate change and/ or enable more equitable participation in the economy.

Additionally, as part of the Demutualization, $100 million of Demutualization benefits were allocated to Definity Insurance Foundation to work with charitable partners across Canada to advance community led solutions that further climate, health, and socio-economic justice.

Risk Factors

The risk factors related to the Company and our activities are described in Section 12 – Risk Management and Corporate Governance of the Annual MD&A and Notes 7 and 9 of the Annual Financial Statements, which section and Notes are incorporated herein by reference.

REGULATORY MATTERS

General

Definity is federally incorporated under the CBCA. Each of its insurance subsidiaries is federally incorporated under the ICA and licensed under the insurance legislation in each of the Canadian provinces and territories in which they operate. The ICA and provincial insurance legislation (as applicable) require the filing by each of Definity's insurance subsidiaries of annual and other reports on their financial condition, impose restrictions on dealing with related parties and set out requirements governing reserves for actuarial liabilities and the safekeeping and investment of assets and other matters.

Federally incorporated P&C insurance companies in Canada (referred to in this section as "P&C Companies") are subject to regulation and supervision by the federal and provincial insurance regulatory authorities of the jurisdictions in which they are incorporated and licensed to carry on business. The ICA is administered, and the Company's insurance subsidiaries are supervised, by OSFI. OSFI is responsible to the Minister of Finance (Canada) (the "Minister") for the supervision of P&C Companies. OSFI conducts prudential reviews of federally incorporated insurance companies and authorized branches of foreign insurers operating in Canada to determine their financial soundness, including the enforcement of regulations concerning required capital levels. Provincial insurance regulators supervise the provincial licensing of insurers operating in their jurisdictions as well as the marketing of insurance products.

Constraints on the Transfer of Shares or Assets

The ICA and the regulations thereunder contain restrictions on the purchase or other acquisition, issue, transfer and voting of any shares of an insurance company or, when a holding company structure is used, its holding body corporate. No person is permitted to acquire shares of any federally incorporated insurance company, or to acquire control of an entity that holds such an interest, if the acquisition would cause the person to have a "significant interest" in any class of shares of the company or acquire control of the company, unless the prior written approval of the Minister is obtained. A person has a significant interest in a class of shares of a federal insurance company where the aggregate of any shares of that class beneficially owned by that person, or an entity controlled by that person and by any person associated or acting jointly or in concert with that person, exceeds 10% of all outstanding shares of that class of shares of the company. In addition, a federal insurance company is not permitted to record any transfer or issue of shares to a person if the transfer or issue would cause the person to have or increase a significant interest in the company unless regulatory approval has been obtained.

If a person contravenes any of these ownership restrictions, the person may not exercise any voting rights attached to the shares of the insurance company owned by the person or any entity controlled by the person. Moreover, the Minister may, by order, direct that person to dispose of all or any portion of those shares.

Under the ICA, the approval of the Minister is required for an insurance company to transfer all or substantially all of its assets to another person, or transfer or reinsure its policies, other than reinsurance in the ordinary course of its business. OSFI's approval is generally required by an insurance company to acquire assets from, or transfer assets to, a person if the total value of the assets and all other assets acquired from or transferred to the person by the company and its subsidiaries in the 12 months preceding the transfer is greater than 10% of the total value of the assets of the company.

Capital Requirements

Under the ICA, P&C Companies must maintain adequate capital and adequate and appropriate forms of liquidity. OSFI is responsible for setting and monitoring these regulatory requirements and has published the minimum capital test ("MCT") guideline which provides the framework within which OSFI assesses whether a P&C Company maintains adequate capital for purposes of the ICA. The MCT ratio measures the capital

adequacy of a P&C Company by dividing capital available by minimum capital required. To ensure that insurers are well protected against balance sheet and off-balance sheet risks, the MCT guideline sets minimum and supervisory targets for the MCT ratio. The minimum and supervisory targets are currently 100% and 150% respectively. OSFI requires insurers to determine an internal target based on their Own Risk and Solvency Assessment ("ORSA") that is higher than the supervisory target, and to maintain a capital ratio that exceeds the internal target.

If minimum capital requirements are not met or maintained in compliance with the MCT guideline, directors of companies may not declare dividends. The ICA provides OSFI with various remedies if the minimum capital requirements are not met, including directing companies to increase their capital or assets or to provide additional liquidity, requiring that they enter into prudential agreements, suspending or removing directors or senior officers, and taking control of companies or the assets of companies, if necessary, to protect the interests of policyholders or creditors.

See Section 8 – Liquidity and Capital Resources of the Annual MD&A for additional information on our capital requirements, which section is incorporated herein by reference.

Restrictions on Dividends and Capital Transactions

Our insurance subsidiaries require regulatory notification and, in certain circumstances, approval prior to withdrawing capital and, in certain circumstances, prior to the payment of dividends. The ICA prohibits the declaration or payment of any dividend on shares of an insurance company if there are reasonable grounds for believing the company is, or the payment of the dividend would cause the company to be, in contravention of its requirements to maintain adequate capital and adequate or appropriate forms of liquidity. The ICA also requires a notification to OSFI of the declaration of a dividend at least fifteen days prior to the date fixed for its payment.

The ICA also prohibits the purchase for cancellation of any shares issued by an insurance company or the redemption of any redeemable shares or other similar capital transactions, if there are reasonable grounds for believing that the company is, or the payment would cause the company to be, in contravention of its requirements to maintain adequate capital and adequate and appropriate forms of liquidity. Even if not so prohibited, any such share cancellation or redemption would require the prior approval of OSFI.

Related Party Transactions

The ICA sets out a regime for transactions between insurance companies and their related parties (which includes most affiliates). The related party rules in the ICA provide that only certain types of transactions are permitted between an insurance company and its related parties (e.g., provision and acquisition of services, borrowing and lending, reinsurance, nominal value transactions), and that certain of the permitted types of related party transactions require the approval of OSFI or the Minister. All related party transactions must be on terms and conditions that are at least as favourable to the insurance company as market terms and conditions. The purpose of the related party regime is to ensure that regulated entities do not enter into disadvantageous transactions with their unregulated related parties. See Section 9 – Related Party Transactions of the Annual MD&A, which section is incorporated herein by reference.

Provincial Insurance Regulation

Our insurance subsidiaries are subject to provincial and territorial legislation and supervision in each of the provinces and territories of Canada in which they operate. Provincial insurance legislation typically deals with the form and content of insurance policies and the sale and marketing of insurance products, including licensing and supervision of insurance distributors, the fair treatment of customers, and the settlement of claims. Under provincial legislation, many types of insurance contracts are deemed automatically to include certain terms that cannot be changed without the approval of the relevant regulatory authority, as well as certain terms that cannot be changed without statutory or regulatory amendment. These requirements vary from province to province, which has an impact on the cost of insurance and profitability.

The auto insurance sector is subject to extensive regulation at the provincial level. The provinces of British Columbia, Saskatchewan and Manitoba operate public automobile insurance regimes; in these jurisdictions, the government and private insurers compete for optional and excess coverage. In Québec, a public automobile insurance system operates in respect of bodily injury, and a private sector automobile insurance system operates in respect of property damage and rates in respect of that property damage insurance must be filed with the provincial insurance regulator. In the provinces of Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador premium rates for automobile insurance are regulated by public authorities. Insurers may only use approved rates in these provinces and there is a regime for the submission and approval of proposed rates. See Section 5 – Operating Environment and Outlook – Personal auto of the Annual MD&A, which subsection is incorporated herein by reference.

DIVIDENDS AND DISTRIBUTIONS

The following dividends were declared and paid on the Company's Common Shares for each of the three most recently completed financial years:

Declaration date	Record date	Payment date	Dividend amount per share
February 9, 2023	March 15, 2023	March 28, 2023	$0.1375
May 11, 2023	June 15, 2023	June 28, 2023	$0.1375
August 3, 2023	September 15, 2023	September 28, 2023	$0.1375
November 9, 2023	December 15, 2023	December 28, 2023	$0.1375
February 15, 2024	March 15, 2024	March 28, 2024	$0.16
May 9, 2024	June 13, 2024	June 27, 2024	$0.16
August 1, 2024	September 13, 2024	September 27, 2024	$0.16
November 7, 2024	December 13, 2024	December 27, 2024	$0.16
February 13, 2025	March 12, 2025	March 26, 2025	$0.1875
May 8, 2025	June 12, 2025	June 26, 2025	$0.1875
July 31, 2025	September 12, 2025	September 26, 2025	$0.1875
November 6, 2025	December 12, 2025	December 24, 2025	$0.1875
February 12, 2026	March 11, 2026[1]	March 23, 2026[1]	$0.215

Notes:
(1) Expected dates further to declaration by Board of Directors on February 12, 2026.

The amount and timing of the payment of any dividends are not guaranteed and any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors and conditions existing from time to time that the Board may deem relevant, including the financial condition of the Company, general business conditions, restrictions regarding the payment of dividends to the Company by its subsidiaries and regulatory requirements.

As a holding company, our ability to meet our cash requirements and pay dividends on the Common Shares depends in large part upon the receipt of dividends and other payments from our subsidiaries. The payment of dividends to us by our insurance company subsidiaries require regulatory notification and, in certain circumstances, approval prior to payment. See “Regulatory Matters – Restrictions on Dividends and Capital Transactions”.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series (the “Preferred Shares”).

Common Shares

Holders of Common Shares are, except where otherwise provided by law, entitled to vote at all meetings of Shareholders and are entitled to one vote per Common Share. Holders of Common Shares are entitled, subject to the rights of holders of Preferred Shares and any other shares ranking senior to the Common Shares, to receive dividends as and when declared by the Board and, upon the voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to receive the remaining property and assets of the Company available for distribution, after payment of liabilities.

Preferred Shares

The Preferred Shares will be issuable from time to time in one or more series. The Board will be authorized to fix before issue the number of, the consideration per share of, the designation of and the provisions attaching to the Preferred Shares of each series, which may include voting rights. The Preferred Shares of each series will rank on par with the Preferred Shares of every other series and will be entitled to preference over the Common Shares with respect to payment of dividends and distribution of any assets in the event of Definity’s liquidation, dissolution or winding-up. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital if all amounts so payable were paid in full, as the case may be.

Shareholder Rights Plan

On April 4, 2024, the Company entered into the Rights Plan, which was subsequently approved by Definity’s shareholders at the 2024 Annual Meeting. The Rights Plan limits acquisitions by a shareholder or a group acting jointly or in concert that would result in the ownership or control of 20% or more of the issued and outstanding Common Shares through means that are exempt from the formal takeover bid rules and to provide shareholders with an opportunity to participate in a take-over bid and receive full and fair value for their Common Shares. To accomplish this, the Rights Plan provides for the issuance to all holders of Common Shares of rights (“Rights”) to acquire additional Common Shares at a significant discount to the then-prevailing market price, which Rights could, in certain circumstances, become exercisable by all holders of Common Shares other than the potential acquiror and its joint actors. The terms of the Rights Plan are substantially similar to the terms of rights plans adopted by other substantial Canadian issuers. A summary of the Rights Plan is attached as Appendix C to this AIF.

Constraints

See “Regulatory Matters – Constraints on the Transfer of Shares or Assets” for details on constraints applicable to companies incorporated under the ICA.

Ratings

As is customary, the Company paid fees to DBRS Limited (“DBRS”) and AM Best Rating Services, Inc. (“AM Best”) to obtain credit and financial strength ratings and expects to pay similar fees in the future. The

Company has paid fees over the past two years for certain other services offered by these rating agencies in the ordinary course of business.

On July 8, 2025, DBRS confirmed Definity Financial Corporation's rating at BBB (high) and also confirmed the rating of Definity Insurance at A. DBRS revised the outlook trends for Definity Financial Corporation and its related entity, Definity Insurance, to Positive from Stable. On September 12, 2025, DBRS issued a provisional credit rating of BBB (high) with a Positive trend for Definity Financial Corporation's Notes.

On January 29, 2025, AM Best announced that it had revised the trends for Definity Financial Corporation and Definity Insurance to Stable from Positive. On May 29, 2025, AM Best confirmed the Long-term Issuer Credit Rating ("ICR") of bbb for the Company, and confirmed that the ICR rating of (Excellent) and the Financial Strength Rating ("FSR") for A (Excellent) of Definity Insurance remained unchanged as well.

A credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization. FSRs provide industry participants and consumers with a means of assessing the financial strength and quality of insurers. These ratings are relevant to policyholders and holders of Notes and are not directed towards the protection of shareholders. Accordingly, these ratings represent independent opinions of financial strength and ability to meet policyholder obligations and obligations to Note holders and are neither a rating of nor directly applicable to the Common Shares.

Additional information about ratings and the risk of credit downgrade is provided in Section 8 – Liquidity and Capital Resources and Section 12 – Risk Management and Corporate Governance of the Annual MD&A, which sections are incorporated herein by reference.

DBRS Ratings

DBRS has 10 issuer rating categories and long-term debt rating categories, each ranging from AAA to D and uses the designation "(high)" and "(low)" in all rating categories other than AAA and D to show the relative standing of a rating within a category. A credit rating of "BBB (low)" or higher is an investment grade rating.

The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. The BBB (high) issuer credit rating assigned to us by DBRS indicates that we rank in the fourth highest of DBRS's ten rating categories. Issuers which are rated in the BBB category by DBRS are considered to be of adequate credit quality and the capacity for the payment of their financial obligations is considered acceptable. In addition, issuers in the BBB rating category may be vulnerable to future events. DBRS uses "rating trends" to provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue.

According to DBRS's FSR scale, an "A" FSR rating is assigned to insurers of good financial strength, where the insurer's capacity for the payment of policyholder and contract obligations is substantial, but of lesser financial strength than AA. The insurer may be vulnerable to adverse business and economic conditions, but qualifying negative factors are considered manageable. The rating of A provides further reinforcement of our financial strength assessment.

AM Best Ratings

AM Best's ICR provide an independent opinion of an entity's ability to meet its ongoing financial obligations. AM Best's ICR range from "aaa" to "c" and may be enhanced with a "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a particular rating category. An a ICR indicates, in AM Best's opinion, an excellent ability to meet ongoing financial obligations. A bbb ICR indicates, in AM Best's opinion, a good ability to meet ongoing financial obligations.

AM Best's FSR provide an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. According to AM Best's FSR scale, an "A (Excellent)" FSR rating is assigned to insurance companies that have, in AM Best's opinion, an excellent ability to meet their ongoing insurance obligations. The rating of A (Excellent) provides further reinforcement of our financial strength assessment.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the TSX under the symbol "DFY". The volume of trading and the price ranges of the Common Shares on the TSX for the periods indicated below are set forth in the following table:

	Price ($)			Trading volume
	High	**Low**	**Close**	
2025				
January	58.55	55.26	57.15	2,281,024
February	64.14	55.27	62.34	3,332,025
March	64.16	57.25	63.94	5,692,499
April	69.05	57.93	68.81	3,702,835
May	79.06	63.36	74.52	3,911,919
June	79.95	72.54	79.37	3,408,999
July	79.14	74.47	74.65	2,916,812
August	75.85	68.78	70.99	3,080,615
September	74.99	70.14	71.53	3,809,447
October	71.76	64.02	65.25	4,323,081
November	72.75	64.30	72.15	3,207,820
December	77.53	69.39	75.93	2,167,633
2026				
January	77.55	65.95	66.64	3,213,743

Prior Sales

During the most recently completed financial year, the Company issued two series of senior unsecured notes by way of a private placement for an aggregate principal amount of $948 million, on September 11, 2025:

(i) $625 million aggregate principal amount of 3.709% Series 1 senior unsecured notes due September 12, 2030; and

(ii) $323 million aggregate principal amount of 4.393% Series 2 senior unsecured notes due September 12, 2035.

AGREEMENTS WITH SHAREHOLDERS

HOOPP Governance Agreement

Board Nomination Rights

On November 23, 2021, concurrent with the closing of the IPO, the Company completed a private placement of 20,691,179 Common Shares to HOOPP and entered into the HOOPP Governance Agreement. Pursuant to the HOOPP Governance Agreement, (a) for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) equal to or greater than 17.5% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will have the right to designate: (i) one nominee, if the Board is comprised of fewer than 10 members; (ii) two nominees, if the Board is comprised of between 10 and 16 members; and (iii) three nominees, if the Board is between 17 and 21 members; and (b) for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) equal to or greater than 10% but less than 17.5% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will have the right to designate one nominee. For so long as HOOPP is entitled to, but has not exercised, its right to designate one or more of the nominees it is entitled to designate in accordance with the terms of the HOOPP Governance Agreement, HOOPP will have the right to designate one individual acceptable to us, acting reasonably, as a non-voting Board observer in lieu of each individual it would have otherwise been entitled to designate as a nominee.

Under the HOOPP Governance Agreement, HOOPP designated Sabrina Geremia and Adrian Mitchell as its initial nominees, and they joined the Board effective March 28, 2022. Both nominees were elected by the shareholders of the Company at its annual meeting of shareholders on May 19, 2022 and have been re-elected as directors of the Company at each subsequent annual meeting.

Committee Participation

For so long as a nominee designated by HOOPP serves as a member of the Board, we have agreed that our Board will designate one of HOOPP's nominee directors to serve as a member of the Audit Committee and one of HOOPP's nominee directors (who may be the same individual as the nominee designated to serve as a member of the Audit Committee) to serve as a member of the Corporate Governance Committee. Adrian Mitchell serves as a member of the Audit Committee and the Corporate Governance Committee.

Board Support

For so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will be required to support management's nominees for election to the Board at any meeting of shareholders at which directors are to be elected (provided that such nominees include the nominees designated by HOOPP, if applicable).

Demand Registration Rights and Piggy-Back Registration Rights

Following the expiry of the HOOPP Lock-Up Period (as defined below), for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will have the right to require us to use commercially reasonable efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities qualifying registrable securities for public distribution (a "Demand Registration"). Our obligations to effect a Demand Registration may be satisfied by us, in our sole discretion, through the use of a shelf prospectus and the applicable shelf

prospectus supplement (as defined in National Instrument 44-102 – *Shelf Distributions* ("NI 44-102")). HOOPP's Demand Registration right is subject to certain customary limitations.

We are required, following the expiry of the HOOPP Lock-Up Period and for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), to notify HOOPP of our intention to register any securities for sale in a public offering. Upon receiving such notice, HOOPP may require that all or a specified part of the registrable securities held by HOOPP be included in the proposed registration, subject to certain customary limitations. We have also agreed with HOOPP that, if we file a registration statement under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or register the Common Shares pursuant to Section 12(b) or 12(g) of the United States Securities Exchange Act of 1934 (the "Exchange Act"), we will supplement the HOOPP Governance Agreement to grant HOOPP demand registration rights and piggy-back registration rights to register Common Shares in the United States which are substantially similar to the demand registration rights and piggy-back registration rights, respectively, granted under the HOOPP Governance Agreement with respect to Canadian prospectus qualifications.

Pre-Emptive Right

During the HOOPP Lock-Up Period and for a period of two years thereafter, for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will have the right to participate in any offering of Common Shares on a pro rata basis to maintain its percentage ownership immediately prior to the completion of such offering, subject to customary exceptions.

Non-Convertible Securities Participation Right

During the HOOPP Lock-Up Period and for a period of two years thereafter, for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), in the event we issue any non-convertible debt securities or non-convertible preferred shares by way of a public offering or private placement for gross proceeds that would reasonably be expected to be not less than $50 million, HOOPP will have the right to subscribe for such percentage of non-convertible debt securities or preferred shares, as applicable, as is equal to its percentage ownership of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) immediately prior to the completion of the offering.

Top-Up Right

During the HOOPP Lock-Up Period and for a period of two years thereafter, for so long as HOOPP beneficially owns, or exercises control or direction over (or any combination thereof), directly or indirectly, an aggregate number of Common Shares (excluding Common Shares in respect of which HOOPP has entered into certain specified derivative transactions) equal to not less than 10% of the issued and outstanding Common Shares (on a non-diluted basis), HOOPP will have the right (the "Top-Up Right"), in connection with the issuance by us of Common Shares pursuant to one or more acquisition or business combination transactions as consideration to the sellers of the acquired business (a "Specified Dilutive Transaction"), to subscribe to purchase from us such number of Common Shares ("Top-Up Shares") that will allow HOOPP to maintain its proportionate ownership interest in the Common Shares, after giving effect to the Specified Dilutive Transaction, at a purchase price based on the market price of the Common Shares prior to the closing of the Specified Dilutive Transaction. The Top-Up Right will only be exercisable following the completion of one or more Specified Dilutive Transactions which result in the issuance of such number of

Common Shares that exceed 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) immediately following the completion of the IPO. At our option, we will have the right, in lieu of issuing Top-Up Shares to HOOPP, to authorize HOOPP to acquire such Top-Up Shares through market purchases over the facilities of the TSX (or other stock exchange on which Common Shares are listed or traded) rather than subscribing for Common Shares to be issued by us, notwithstanding any other restrictions on purchases of Common Shares by HOOPP that would otherwise apply under the terms of the HOOPP Governance Agreement.

Standstill

For a period of five years from the date of the HOOPP Governance Agreement, HOOPP will be prohibited from, without the prior written consent of the Company: (a) acquiring or agreeing to acquire or making any proposal to acquire, directly or indirectly, by means of purchase, merger, amalgamation, consolidation, take-over bid, business combination or in any other manner, any Common Shares, securities or assets of Definity or its affiliates, except as permitted by the HOOPP Governance Agreement; (b) soliciting proxies of shareholders of the Company, or seeking to advise or influence any other person with respect to the voting of any securities of the Company, or forming, joining or in any way participating in a proxy or proxy solicitation or dissident shareholder group, in each case for any such purpose; (c) otherwise acting, alone or jointly or in concert with others, to seek to control or influence, in any manner, the management, the Board or policies of the Company or its affiliates; (d) taking any actions, directly or indirectly, that question the validity or effectiveness of any shareholder rights plan, rights agreements or any other "poison pill" or other antitakeover arrangement of the Company or any securities that may be issued pursuant thereto, or seek to cause any person, court or regulatory body to "cease trade" or otherwise restrict the operation of such plan; (e) having any discussions or entering into any arrangements, understandings or agreements, whether written or oral, with, or advising, financing, aiding, assisting, encouraging or act jointly or in concert with, any other persons in connection with any of the foregoing; or (f) making any public announcement with respect to the foregoing, except as may be required by applicable law, regulatory authorities or stock exchanges.

Restrictions on Transfer

For a period of five years from the date of the HOOPP Governance Agreement (the "HOOPP Lock-Up Period"), subject to certain exceptions and to the early termination of the HOOPP Lock-Up Period in certain circumstances, HOOPP will not, and will cause its affiliates not to, without the prior written consent of the Board: (a) offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Common Shares, any warrants issued by Definity to purchase Common Shares, any convertible securities or any securities that represent the right to receive any Common Shares ("Lock-Up Securities") or agree or commit to do any of the foregoing (any such transaction, a "Transfer"); or (b) engage in any hedging or other transaction or other arrangement that is designed to or which could reasonably be expected to lead to or result in (i) a Transfer (whether by HOOPP, any of HOOPP's affiliates, a counterparty to any contract entered into with HOOPP or any of the HOOPP's affiliates or by someone other than HOOPP or its affiliates), or (ii) a change in or transfer of any voting rights or entitlements of HOOPP or any of HOOPP's affiliates under any Lock-Up Securities, or (iii) a change in or transfer of any of the economic consequences to ownership of HOOPP or any of HOOPP's affiliates in respect of the Lock-Up Securities, in each case whether any such transaction or arrangement would be settled by delivery of Lock-Up Securities or other securities, in cash or otherwise, or agree or commit to do any of the foregoing (any such transaction or arrangement, a "Derivative Transaction" and together with any Transfer, a "Restricted Activity").

HOOPP will not, and will cause its affiliates not to, engage in any Restricted Activity (whether during or after the HOOPP Lock-Up Period) that is intended or reasonably expected to cause or accommodate a Transfer of Lock-Up Securities or the transfer of any right or entitlement to exercise voting control or direction over any Lock-Up Securities to: (a) any person (or such person and its affiliates and persons acting jointly or in concert with such person) if such Restricted Activity would result in that person, together with its affiliates and persons acting jointly or in concert with such person, beneficially owning, or having voting control or direction over, more than 10% of the issued and outstanding Common Shares after giving effect to such

Restricted Activity; or (b) any Competitor; provided that HOOPP will not be restricted from engaging in a Restricted Activity (A) if the Restricted Activity involves a Derivative Transaction, such Derivative Transaction either (x) occurs after the HOOPP Lock-Up Period, provided that such Derivative Transaction is only entered into with a financial institution that is acting as a principal and on arm's length market terms and conditions and not with any intention, directly or indirectly, on the part of HOOPP to cause or accommodate a Transfer of Lock-Up Securities or any right or entitlement to exercise, control or direct the exercise of voting rights under any Common Shares as a block to any predetermined person (it being recognized that a financial institution may in turn independently determine to sell Lock-Up Securities (including a short sale of Common Shares) by trading over the facilities of a stock exchange or other organized securities market on which Shares are listed or quoted in circumstances where such trading is not pursuant to a block sale to any predetermined person or any other pre-arranged transaction), or (y) occurs after the third anniversary of the HOOPP Governance Agreement and involves the hedging by HOOPP of up to a specified portion of its risk exposure to Common Shares, subject to certain conditions, in circumstances where the Market Value of the Common Shares is more than a specified multiple of the Offering Price or the total fair market value of HOOPP's Common Shares exceeds a specified percentage of the consolidated net asset value of all of HOOPP's and its affiliates investment portfolio assets; or (B) if the Restricted Activity involves a Transfer of Lock-Up Securities, such Transfer occurs after the HOOPP Lock-Up Period and is either (x) effected over the facilities of a stock exchange or other organized securities market on which Common Shares are listed or quoted in circumstances where such trading is not pursuant to a block sale to any predetermined person or any other pre-arranged transaction, or (y) is qualified under a prospectus in the context of an underwritten offering.

The restrictions on transfer in the HOOPP Governance Agreement will not restrict HOOPP from, following the third anniversary of the HOOPP Governance Agreement, tendering, or permitting any of HOOPP's affiliates to tender, any or all of its Common Shares pursuant to a take-over bid (as defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*) made by an acquiror (together with any joint actors) to holders of all of the Common Shares if the offer price is at least three times the book value of the Common Shares as shown on the balance sheet included in our most recent annual or quarterly, as applicable, financial statements filed on SEDAR+.

Early Termination of HOOPP Lock-Up Period

The HOOPP Lock-Up Period will terminate, subject to certain conditions, if:

(a) following the third anniversary of the date of the HOOPP Governance Agreement, certain of our senior executives fail to comply with our Share Ownership Guidelines, subject to certain exceptions; or
(b) a certain combination of our senior executives depart Definity within a 36-month window; or
(c) following the third anniversary of the date of the HOOPP Governance Agreement, there is a downgrade of the financial strength rating of Definity Insurance by AM Best below A-; or
(d) following the third anniversary of the date of the HOOPP Governance Agreement, the Market Value is less than the Specified Market Value Threshold, and for any fiscal quarter ending on or after September 30, 2024:
    a. our GWP during the three-year period consisting of the 12 most recently completed fiscal quarters does not exceed our GWP during the Look-Back Three-Year Period by at least 5%, excluding from the calculation of GWP for both periods any premiums derived from a regulated P&C insurance business acquired or sold by us during the initial 12-month period following the closing of the acquisition or sale, as applicable, of such business; or
    b. our trailing 12-quarter Operating ROE (adjusted for significant capital transactions, as appropriate) is below
        i. a specified ROE threshold, and
        ii. (A) for the fiscal quarter ending on September 30, 2024, the Industry Average ROE plus 1%, or (B) for the fiscal quarters ending on or after December 31, 2024, the Industry Average ROE plus 2%.

Maintenance of Ownership Level at or below 19.9%

The HOOPP Governance Agreement contains covenants by us and HOOPP for the maintenance of HOOPP's proportionate ownership of Common Shares at or below 19.9% of the issued and outstanding Shares (on a non-diluted basis). Pursuant to the HOOPP Governance Agreement, if we establish a NCIB under the rules of the TSX, or a similar share buyback program under the rules of any other stock exchange on which the Common Shares are listed, and the acquisition of Common Shares under such program could reasonably be expected to increase the HOOPP's proportionate percentage ownership of Common Shares over 19.9% of the issued and outstanding Common Shares (on a non-diluted basis) after giving effect to the purchase of the maximum number of Common Shares that we would be permitted to purchase under such program, we will be required to notify HOOPP of such program and, subject to the approval of the TSX (and/or any other stock exchange on which the Common Shares are listed) and securities laws applicable in Canada and other applicable laws, HOOPP will be required to enter into an Automatic Concurrent Repurchase and Disposition Plan (as defined in the HOOPP Governance Agreement); provided, however, if we are not able to implement an Automatic Concurrent Repurchase and Disposition Plan and do not notify HOOPP that we have abandoned our intention to acquire Common Shares for cancellation under such program, HOOPP will be permitted to sell such number of Common Shares as is necessary in order for its proportionate percentage ownership of Common Shares to be equal to 19.9% of the issued and outstanding Common Shares (on a non-diluted basis) after giving effect to the purchase by us of the maximum number of Common Shares we would be permitted to purchase pursuant to such program; provided further that any such sales of Common Shares must be effected by HOOPP: (a) over the facilities of a stock exchange or other organized securities market on which Common Shares are listed or quoted in circumstances where such trading is not pursuant to a block sale to any predetermined person or any other pre-arranged transaction; (b) pursuant to a prospectus in the context of an underwritten offering; or (c) in such other manner as may be agreed upon by us and HOOPP, each acting reasonably. We have also agreed that purchases under a specific share buyback program established during the five year period beginning on the date of the HOOPP Governance Agreement and in respect of which we are required to provide notice to HOOPP, will not, without the consent of HOOPP, exceed 5% of the issued and outstanding Common Shares (over a 12-month period) as of the date of acceptance of the first notice of such program provided by the stock exchange under which the program is established.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, the number of securities of each class held in escrow or that is subject to a contractual restriction on transfer, and the percentage that number represents of the issued and outstanding securities of that class, as of December 31, 2025, is specified in the table below.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	24,213,902[(1)]	19.9%

Notes:

(1) Under the HOOPP Governance Agreement, the Common Shares held by HOOPP are subject to a five-year lock-up period, subject to certain exceptions and to the early termination of such lock-up period in certain circumstances, as well as other restrictions on transfer. See "Agreements with Shareholders – HOOPP Governance Agreement – Restrictions on Transfer" for further details. As of December 31, 2025, 24,213,902 Common Shares were beneficially owned by HOOPP.

DIRECTORS AND OFFICERS

The following tables set out, for each of our directors and executive officers, as of December 31, 2025, their name, province or state and country of residence, position and office held within the Company, principal occupation and, if a director, the year on which the person became a director.

Directors

The term of office of each of the current directors of the Company ends at the close of the next annual meeting of shareholders.

Name and Place of Residence	Position with the Company	Director Since[5]	Principal Occupation during five preceding years
John Bowey Ontario, Canada	Director and Chair	2011	Chairman of the Board Corporate director
Rowan Saunders Ontario, Canada	Director and President and Chief Executive Officer	2016	President and Chief Executive Officer of the Company.
Sonia Baxendale[1], [4] Ontario, Canada	Director	2024	Corporate director President and CEO of Global Risk Institute since 2019.
Elizabeth DelBianco[2], [3] Ontario, Canada	Director	2013	Corporate director
Daniel Fortin[3], [4] Ontario, Canada	Director	2014	Corporate director
Richard (Dick) Freeborough[1], [3], [6] Ontario, Canada	Director	2012	Corporate director
Sabrina Geremia[4] Ontario, Canada	Director	2022	Vice President and Country Manager, Google Canada since 2017.
Micheál Kelly[3], [4] Ontario, Canada	Director	2015	Corporate director Executive in Residence, Telfer School of Management at University of Ottawa since 2024. Dean, Lazaridis School of Business and Economics at Wilfrid Laurier University from 2012 to 2022.
Robert McFarlane[1], [4] British Columbia, Canada	Director	2019	Corporate director
Adrian Mitchell[1], [2] Ontario, Canada	Director	2022	Senior Managing Director, Public Equities, HOOPP since 2022 Vice President, Public Equities, HOOPP from 2018 to 2022.
Susan Monteith[2], [3] Ontario, Canada	Director	2018	Corporate director
Edouard Schmid[1], [2] Zurich, Switzerland	Director	2021	Corporate director Senior leadership roles at Swiss Re Ltd (publicly- traded global reinsurance and insurance company) and its affiliates from 1991 to 2025, including: Head, Property and Specialty Reinsurance; Group Chief Underwriting Officer; Chairman of the Swiss Re Institute; and a member of the Group Executive Committee.
Michael Stramaglia[2], [4] Ontario, Canada	Director	2010	Corporate director

Notes:
(1) Member of the Audit Committee (Chair – Robert McFarlane).
(2) Member of the Corporate Governance Committee (Chair – Susan Monteith).
(3) Member the Human Resources and Compensation Committee (Chair – Elizabeth DelBianco).
(4) Member of the Risk Review Committee (Chair – Daniel Fortin).
(5) Information provided includes the director's tenure as a board member of Definity Insurance.
(6) Richard (Dick) Freeborough retired from the Board, effective January 12, 2026.

Executive Officers

Each executive officer listed, including the President and Chief Executive Officer (whose details are provided in the table above), held the indicated position with the Company as at December 31, 2025 and has held the principal occupation indicated during the past five years, except as otherwise indicated hereunder[1].

Name and Place of Residence	Position with the Company	Principal occupation during five preceding years (within the Company unless otherwise stated)[2]
Philip Mather Ontario, Canada	Executive Vice-President and Chief Financial Officer	Executive Vice-President and Chief Financial Officer since April 2017
Fabian Richenberger[3] Ontario, Canada	Executive Vice-President, Commercial Insurance and Insurance Operations	Executive Vice-President, Commercial Insurance and Insurance Operations since September 2022 Executive Vice-President, Commercial Insurance from May 2017 to September 2022.
Paul MacDonald Ontario, Canada	Executive Vice-President, Personal Insurance and Digital Channels	Executive Vice-President, Personal Insurance and Digital Channels since September 2022 Executive Vice-President, Personal Insurance from January 2018 to September 2022.
Innes Dey[4] Ontario, Canada	Senior Vice-President, Legal and Strategy	Senior Vice-President, Legal and Strategy since February 2018.
Donna Ince Ontario, Canada	Senior Vice-President, Chief Underwriting Officer, Personal Insurance	Senior Vice-President, Chief Underwriting Officer, Personal Insurance since September 2022. Vice-President of Regional Operations, Personal Insurance from May 2021 to September 2022.
Tatjana Lalkovic Ontario, Canada	Senior Vice-President and Chief Technology Officer	Senior Vice-President and Chief Technology Officer since September 2022 Senior Vice-President and Chief Information Officer from February 2020 to September 2022.
Liam McFarlane Ontario, Canada	Senior Vice-President and Chief Risk and Actuarial Officer	Senior Vice-President and Chief Risk and Actuarial Officer since October 2019
Brigid Pelino Ontario, Canada	Senior Vice-President and Chief People and Culture Officer	Senior Vice-President and Chief People and Culture Officer since September 2022 Senior Vice-President and Chief Human Resources Officer from October 2018 to September 2022.
Obaid Rahman[5] Ontario, Canada	Senior Vice-President, Chief Underwriting Officer, Commercial Insurance	Senior Vice-President, Chief Underwriting Officer, Commercial Insurance since September 2022 Vice-President of Commercial Underwriting and Specialty Lines from August 2018 to September 2022.

Name and Place of Residence	Position with the Company	Principal occupation during five preceding years (within the Company unless otherwise stated)[2]
Tom Reikman Ontario, Canada	Senior Vice-President and Chief Distribution Officer	Senior Vice-President and Chief Distribution Officer since May 2017
Craig Richardson Ontario, Canada	Senior Vice-President and Chief Claims Officer	Senior Vice-President and Chief Claims Officer since June 2023 Vice-President, Claims, TD Insurance from March 2014 to June 2023.

Notes:
(1) Sati MacLean became an executive officer of the Company, effective January 2, 2026.
(2) Information provided includes tenure and position at Definity Insurance, as applicable.
(3) Fabian Richenberger became Chief Operating Officer of Definity, effective January 2, 2026.
(4) Innes Dey has been Senior Vice-President, Corporate Affairs, holding the offices of Chief Legal Officer, Chief Risk Officer, and Chief Strategy Officer, effective January 2, 2026.
(5) Obaid Rahman became Executive Vice-President, Commercial Insurance, effective January 2, 2026.

Information on the Audit Committee

As of December 31, 2025, the Audit Committee consisted of Sonia Baxendale, Dick Freeborough, Robert McFarlane (Chair), Adrian Mitchell 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 National Instrument 52-110 – *Audit Committees*. The education and experience of each member is described as part of their respective biographies attached as Appendix A to this AIF. The Board has adopted a written mandate of the Audit Committee, which is attached as Appendix B to this AIF.

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 (Ernst & Young LLP). The Pre-Approval Policy is reviewed and approved by the Audit Committee policy triennially or when substantive changes are recommended.

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.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Audit fees[1]	$2,118,657	$1,586,220
Audit-related fees[2]	$ 114,000	$ 111,000
Tax fees[3]	$ 751,812	$ 370,213
All other fees[4]	$ 114,000	$ 108,000
Total	**$3,098,469**	**$2,175,433**

Notes:
(1) 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.
(2) Fees for assurance related services, including translation services of financial statements and MD&A, employee benefit plan audits, and acquisition related due diligence.
(3) Fees for assistance with tax compliance, tax planning, and tax advice, as well as support with tax audits, tax appeals, and contested tax matters.
(4) Fees for assistance with review of prospectuses, ESG assurance and certain other regulatory filings.

Shareholding of Directors and Executive Officers

To the knowledge of the Company, as of December 31, 2025, our directors and executive officers as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,361,140 of the outstanding Common Shares, representing 1.1% of the total number of Common Shares of the Company issued and outstanding at that date.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer is, as at the date of the AIF, or was within 10 years before the date of the AIF, 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 AIF, or has been within the 10 years before the date of the AIF, 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, except for the following: John Bowey, a director and chair of the Board of the Company, served as a director of Kognitiv Corporation until it filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act (Canada)* on December 12, 2024; or (b) has, within the 10 years before the date of the AIF, 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.

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, any director of the Company nominated on the direction of HOOPP 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, under the HOOPP Governance Agreement, or the subscription agreement entered into by the Company with HOOPP on July 9, 2021, as amended on November 5, 2021. There are no known existing or potential material conflicts of interest between the Company and its directors or executive officers as a result of their outside business interests.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the normal course of carrying on our business, we may become the subject of claims and are involved in various legal proceedings, including litigation in relation to our insurance policies. Except as set out below, we are not currently involved in any material legal proceedings, nor are we aware of any such proceeding that is contemplated, that we believe would have a material adverse effect upon our financial condition or results of operations. We believe that we have established adequate provisions in respect of legal proceedings to which we are a party.

Along with many other P&C insurers in Canada, Definity Insurance has been named in litigation in Ontario for business interruption losses related to COVID-19, seeking to establish coverage under insurance policies. The Ontario action on behalf of a national class (excluding Québec) proceeded to trial in 2023 on certain key issues, with a favourable outcome for Definity Insurance and other insurers. The trial decision was upheld on appeal in 2024. While this was not the end of this litigation and other issues remain outstanding, the trial decision represents a major success for Definity Insurance.

Definity Insurance was also previously a defendant in similar class proceedings in other provinces, all of which have either been rejected or discontinued as against Definity Insurance.

We deny liability in the class proceedings in Ontario, which, following the successful appeal, is now only expected to extend to insurance policies with coverage due to the outbreak of a contagious disease that interrupts the insured's regular business. Nevertheless, the Company cannot predict with certainty the cost of defence and ultimate outcome, including the extent of reinsurance recovery for any amounts that may be required to be paid.

There are (a) no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by any securities regulatory authority within the three years immediately preceding the date of this AIF; (b) no other penalties or sanctions imposed by a court or regulatory body against the Company necessary for this AIF to contain full, true and plain disclosure of all material facts relating to the securities being distributed; or (c) no settlement agreements that the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, no director or executive officer of the Company and no shareholder holding more than 10% of the Common Shares, or any associate or affiliate of the foregoing, has, or has had, any material interest in any transaction within the three most recently completed financial years or during the current financial year that has or could reasonably have a material effect on the Company or any of our subsidiaries. See "Regulatory Matters — Related Party Transactions".

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada ("Computershare") at its principal office located at 320 Bay Street, 14th Floor, Toronto, Ontario, M5H 4A6.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into during or prior to the last financial year and which are still in effect:

- the HOOPP Governance Agreement;
- the Purchase Agreement;

- the underwriting agreement, dated June 5, 2025, between the Company and the Underwriters;
- the trust indenture, dated September 12, 2025, between Definity and Computershare setting out the terms of unsecured indebtedness that may be issued by Definity;
- the first supplemental trust indenture, dated September 12, 2025, between Definity and Computershare providing for the issue of up to $650,000,000 principal amount of the 2030 Notes;
- the second supplemental trust indenture, dated September 12, 2025, between the Company and Computershare providing for the issue of up to $350,000,000 principal amount of the 2035 Notes;
- the Agency Agreement; and
- the first amendment to the Purchase Agreement dated December 31, 2025.

Copies of such agreements are available under the Company's profile on SEDAR+ at www.sedarplus.ca. For additional detail regarding the HOOPP Governance Agreement, see "Agreements with Shareholders – HOOPP Governance Agreement".

INTERESTS OF EXPERTS

Ernst & Young LLP is the Company's external auditor. The Annual Financial Statements have been filed under National Instrument 51-102 – *Continuous Disclosure Obligations* along with the auditor's report from Ernst & Young LLP.

Ernst & Young LLP has advised that it is independent of the Company within the meaning of the CPA Code of Professional Conduct of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information on the Company, including the documents mentioned below, may be obtained from our website at www.definity.com and from the SEDAR+ website at www.sedarplus.ca.

Additional information including the remuneration and indebtedness of directors and executive officers, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans will be contained in the Company's Management Proxy Circular to be published in advance of its 2026 annual meeting of shareholders.

Additional financial information is provided in the Company's Annual Financial Statements and Annual MD&A.

APPENDIX A – AUDIT COMMITTEE EDUCATION AND EXPERIENCE

SONIA BAXENDALE

Ms. Baxendale is President and CEO of Global Risk Institute ("GRI"). Ms. Baxendale previously served on the boards of Foresters Financial, The Bank of N.T. Butterfield & Son and RSA Insurance Group plc, and currently sits on the boards of Laurentian Bank, Intermediate Capital Group, and GRI. Prior to taking on her executive role with GRI, she was President of CIBC Retail Markets, where she led retail and commercial banking and wealth management globally. She played a key role in developing strategy and direction for CIBC, holding various senior leadership roles from 1992 through 2011. Prior to CIBC, Ms. Baxendale held various positions with American Express and Saatchi & Saatchi. She holds a B.A. from the University of Toronto and the ICD.D designation.

DICK FREEBOROUGH

Mr. Freeborough was a corporate director who brought 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 also served as a director for RGA Life Reinsurance Company of Canada until May 2023 and as a director of the Toronto Mendelssohn Choir until early February 2024. He served on the Actuarial Profession Oversight Board (APOB) from 2023 to 2025. Mr. Freeborough was a Fellow of the Chartered Professional Accountants of Ontario and held the ICD.D designation.

Mr. Freeborough retired from the Board, effective January 12, 2026.

ROBERT MCFARLANE

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 previously served as 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 currently chairs the Information Technology Advisory Council of the University of British Columbia. He was a member of the board of trustees of Queen's University from 2013 to 2022, following which he was awarded the Director Emeritus designation. 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 and GCB.D designations.

ADRIAN MITCHELL

Mr. Mitchell is an investment professional who has spent over 20 years managing public equity investments at Healthcare of Ontario Pension Plan (HOOPP) – one of Canada's largest defined benefit pension plans. Currently, he is Senior Managing Director, Public Equities with responsibility for overseeing HOOPP's public equity investment strategies and valuation work. The Public Equity team he oversees runs a variety of fundamental public equity investment programs, and maintains HOOPP's proprietary, independent valuation work covering the North American public equity markets. Mr. Mitchell joined HOOPP in 2001. He was

previously with a strategy consulting firm, Monitor Group, in addition to Scotiabank and Citibank. Mr. Mitchell earned a B.Com. from the University of British Columbia's Sauder School of Business. He was awarded the Chartered Financial Analyst designation and holds the ICD.D designation.

EDOUARD SCHMID

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.

APPENDIX B – AUDIT COMMITTEE MANDATE

AUDIT COMMITTEE MANDATE

This mandate provides terms of reference for the Audit Committee of Definity Financial Corporation[1], Definity Insurance Company, Petline Insurance Company and Sonnet Insurance Company (each individually, the "Company").

PURPOSE

The Company's Board of Directors (the "Board") has established the Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities by gaining and maintaining reasonable assurance in relation to:

- the integrity of the Company's financial statements and related disclosure provided to shareholders, regulators and others;
- the qualifications, independence and appointment by the shareholders of the Company of a firm of chartered accountants as the external auditor of the Company;
- the design, implementation and evaluation of internal controls over financial reporting and disclosure controls;
- the performance of the Company's internal audit function and external auditor; and
- the additional matters described herein or as may be delegated to the Committee by the Board from time to time.

MEMBERS AND CONDUCT

The Board shall appoint a minimum of three directors to be members of the Committee. The members of the Committee will be selected by the Board on the recommendation of the Corporate Governance Committee. Each year, the Board will appoint one member of the Committee to serve as Chair of the Committee. If, in any year, the Board does not appoint a chair, the incumbent chair will continue in office until a successor is appointed.

All of the members of the Committee will meet the criteria for independence referred to in the Board mandate. In addition, every member of the Committee will be financially literate within the meaning of Canadian securities legislation and stock exchange rules. Members have a duty to immediately notify the Chair of the Board if they cease to meet the qualifications for Committee membership for any reason.

Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above.

The Committee shall conduct itself in accordance with the committee operating procedures prescribed by the Board from time to time. At least quarterly the Committee shall meet, at the Committee's discretion, in separate in camera sessions with each of the appointed actuary, external auditor, internal auditor and chief financial officer (the "CFO"). In camera meetings with the chief executive officer may also be requested at the Committee's discretion.

This mandate does not impose on any Committee member a standard of care or diligence that is in any way more onerous or extensive than the standard of care applicable to the Company's directors generally.

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[1] References to the requirements of the Act and the function of the Appointed Actuary are not applicable to the Committee as the audit committee of Definity Financial Corporation, which is not an entity established under the Act.

SPECIFIC RESPONSIBILITIES

The Committee is responsible for performing the duties set out below as well as any other duties delegated to the Committee by the Board from time to time, bearing in mind the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements").

Appointment, engagement and review of the external auditor

The external auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will directly oversee and be responsible for the Company's relationship with each external auditor engaged for the purpose of preparing or issuing an external auditor's report or performing other audit, review or attest services for the Company. Specifically, the Committee will:

- use its best efforts to resolve any disagreements between management and the external auditor regarding financial reporting;

- at least annually, discuss with the external auditor its internal independence and quality control procedures, such matters as are required by applicable auditing standards to be discussed by the external auditor with the Committee, and any material issues raised by the most recent peer review;

- select, evaluate and recommend to the Board the external auditor to be proposed for appointment or reappointment, as the case may be, by the Company's shareholders and, where appropriate, recommend to the Company's shareholders that the external auditor be removed from office;

- prior to recommending the external auditor's appointment or reappointment:

  – obtain reasonable assurance that the firm possesses and will make available to the Company the personnel required to efficiently, cost-effectively and expertly execute its engagement with the Company;

  – review the independence, experience, qualifications and performance of the external auditor, including the lead audit partner,

  – consider whether the external auditor's quality controls are adequate and the external auditor's provision of any permitted non-audit services is compatible with maintaining its independence;

- review and approve the audit plans, including proposed scope of the audit, the proposed areas of special emphasis to be addressed in the audit, the materiality levels which the external auditor proposes to employ, and any material changes to such plan, as well as the external auditor's engagement letter, fee proposals and engagement terms;

- oversee and regularly assess the quality of the work of the external auditor in preparing or issuing an audit or other report in respect of audit, review or attest services for the Company; and

- annually review the effectiveness of the external audit process and report the Committee's findings to the Board.

Oversight and review of the internal auditor

The Committee will oversee the Company's relationship with each internal auditor[2] engaged for the purpose of providing services for the Company. Specifically, the Committee will:

- use its best efforts to resolve any disagreements between management and the internal auditor regarding control expectations;
- at least annually, discuss with the internal auditor its internal independence and quality control procedures and any material issues raised by the most recent peer review;
- obtain reasonable assurance that the internal auditor possesses and will make available to the Company the personnel required to efficiently, cost-effectively and expertly execute its engagement with the Company;
- at least annually, review the independence, experience, qualifications and performance of the internal auditor, including the lead audit partner or executive head of internal audit;
- consider whether the internal auditor's quality controls are adequate and the internal auditor's provision of any permitted non-audit services is compatible with maintaining its independence;
- review and approve at least every three years the internal audit charter, and annually the proposed scope of the internal auditor's work, including the proposed areas of special emphasis to be addressed, as well as the internal auditor's fee proposals;
- review with the internal auditor any significant reports to management prepared by the internal auditor, management's responses thereto, and any problem or difficulty the internal auditor may have encountered in connection therewith including, without limitation, any restrictions on the scope of activities or access to required information;
- oversee and regularly assess the quality of the work of the internal auditor in preparing or issuing an audit or other report in relation to the Company;
- regularly meet with the internal auditor to discuss the effectiveness of the internal control procedures established for the Company, the internal auditor's control environment assessment, and the responsiveness of management to assigned internal audit actions;
- annually review the effectiveness of the internal audit process and report the Committee's findings to the Board;
- appoint an internal auditor; and
- where appropriate and in conjunction with management, remove the internal auditor from office.

Confirmation of auditor independence

At least annually, and before the external auditor issues its report on the annual financial statements, the Committee will:

- obtain from the Company's external auditor a written report in relation to the Company's most recently completed financial year:

  (i) listing all fees paid by the Company or its affiliates to the external auditor or its affiliates; and

[2] References to the internal audit function being a firm with a lead audit partner, on the one hand, or an internal function with an executive head, on the other hand, apply depending on whether the function is outsourced.

(ii) describing all relationships of any kind between the external auditor or its affiliates and the Company or its affiliates;

- obtain written confirmation from the external auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Professional Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Chartered Professional Accountants of Canada ("CPA Canada");

- obtain written confirmation from the internal auditor as to its independence in relation to the Company and its affiliates;

- discuss with the internal auditor and external auditor any disclosed relationships or services that may affect their respective objectivity and independence;

- obtain confirmation that the Board and the Committee, and not management, are the clients of the internal auditor and external auditor in relation to the audit services they provide to the Company; and

- satisfy itself that management has placed no restrictions on the scope or extent of the internal or external auditors' audit examinations or reviews or the internal or external auditors' reporting of their respective findings to the Board or the Committee.

At least every three years, the Committee will review and approve the Company's hiring policies for hiring partners and employees and former partners and employees of the present and any former external auditor of the Company.

Pre-approval of non-audit services

The Committee must pre-approve any non-audit service to be provided to the Company or any of its subsidiaries by the Company's internal or external auditors or the internal or external auditors of any of the Company's subsidiaries, provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board, the Independence Standards of CPA Canada, or Applicable Requirements.

The Committee will establish a written policy for the pre-approval of all non-audit services to be provided to the Company and its subsidiaries by the internal or external auditors and will review the policy periodically. In addition, the Committee may delegate to one or more of its members the authority to pre-approve the appointment of the internal or external auditors for any non-audit service to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Committee at its next scheduled meeting.

The Committee shall be informed by management of each non-audit service provided to the Company in accordance with the pre-approval policy.

Audited financial statements - corporate

The Committee will gain reasonable assurance as to whether the audited financial statements of the Company (including all returns prescribed by the *Insurance Companies Act* (Canada) (the "Act")) present fairly, in all material respects, the financial position of the Company, the results of its operations and its cash flows in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IFRS"). Specifically, the Committee will:

- review the Company's financial statements with management, the appointed actuary and the external auditor;

- assess the reasonableness, and the effect upon the Company's financial position and the results of the Company's operations, of

  – significant estimates, accruals and provisions employed by management in preparing the current year comparative financial statements of the Company, and

  – the aggregate amount of all significant estimates, accruals and provisions employed by management in preparing the current year comparative financial statements of the Company;

- review all unresolved items identified by the external auditor in conducting its audit;

- review the critical accounting and other significant estimates and judgments underlying the financial statements;

- review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS;

- review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements;

- review management's report on the effectiveness of internal controls over financial reporting;

- review the factors identified by management as factors that may affect future financial results;

- obtain confirmation from the external auditor as to:

  – its views on the accounting policies, practices, estimates, judgments or disclosure practices employed in preparing the Company's financial statements, including any significant changes from the prior year and the degree of consistency relative to those employed by others in the Canadian property and casualty insurance industry;

  – immaterial items in the Company's financial statements of which it is aware that are treated in a manner which would have to be changed if such items became material in future years, or

  – whether there is any accounting principle, policy, practice, estimate, judgment or disclosure practice employed in preparing the Company's financial statements of which it is aware that is not in accordance with IFRS but the use of which is justified on the basis of immateriality;

- in connection with the review of the annual audited financial statements, obtain a report from the external auditor comparing (i) the extent of the external auditor's reliance on the Company's internal financial controls in auditing the current year comparative financial statements of the Company to (ii) the extent of the external auditor's reliance on the Company's internal financial controls in auditing the preceding year's financial statements;

- review at least quarterly with management, the external auditor and the Company's legal counsel all material non-claims litigation or other contingencies affecting the Company to gain reasonable assurance that all such claims and contingencies which could have a material effect on the financial position or results of operations of the Company have been reflected to the extent appropriate in the Company's financial statements;

- obtain from management appropriate representations relating to the Company's financial statements; and

- review any other matters related to the financial statements that are brought forward by the auditors or management, or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

Audited financial statements – pension plan

The Committee will gain reasonable assurance as to whether the audited financial statements of the Company's defined benefit pension plans (the "Plan") present fairly, in all material respects, the financial position of the Plan in accordance with Part IV of the CPA Canada Handbook (the "CPA Handbook") and applicable pension legislation. Specifically, the Committee will:

- review the Plan's financial statements with management and the Plan's external auditor;
- assess the reasonableness, and the effect upon the Plan's financial position, of
  - each significant estimate, accrual and provision employed by management in preparing the Plan's financial statements, and
  - the aggregate amount of all significant estimates, accruals and provisions employed by management in preparing the Plan's financial statements;
- review all unresolved items identified by the external auditor in conducting its audit;
- obtain confirmation from the external auditor as to:
  - its views on the accounting policies, practices, estimates, judgments or disclosure practices employed in preparing the Plan's financial statements, including any significant changes from the prior year;
  - immaterial items in the Plan's financial statements of which it is aware that are treated in a manner which would have to be changed if such items became material in future years, or
  - whether there is any accounting principle, policy, practice, estimate, judgment or disclosure practice employed in preparing the Plan's financial statements of which it is aware that is not in accordance with the CPA Handbook but the use of which is justified on the basis of immateriality; and
- obtain from management appropriate representations relating to the Plan's financial statements.

Review of other financial Information

The Committee will:

- before the Company publicly discloses such information, review the Company's interim unaudited and annual audited financial statements and related management's discussion and analysis with management and the external auditor;
- review each management's discussion and analysis to gain reasonable assurance that the statements and disclosures made therein are consistent with the Committee's knowledge of the Company's operations, financial condition and performance;
- obtain from the external auditor their views on whether the financial information included in each management's discussion and analysis is consistent with the related current year comparative financial statements of the Company;

- review earnings news releases and other news releases containing financial information based on the Company's interim and annual financial statements prior to their release. The Committee will also review the manner in which the Company uses references to "pro forma", "adjusted" and other information and metrics that are not defined by generally accepted accounting principles in such news releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;

- review all other financial statements of the Company that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents, financial statements required by regulatory authorities, and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated;

- review all issues and statements related to a change of the auditor and the steps planned by management for an orderly transition; and

- if advisable, approve and recommend for Board approval such financial statements, reports, management's discussion and analysis, news release and/or other public disclosure.

Policy liabilities

For the purpose of ensuring that the Company's policy liabilities are fairly stated and that the present and future solvency of the Company is regularly assessed, the Committee shall:

- annually review with the external auditor the audit work carried out and their conclusions as to the adequacy of the Company's policy liabilities and consistency with the methodology and practices of the prior year;

- annually monitor the work of the appointed actuary of the Company through review of the reports of the appointed actuary, including the report on expected future financial condition ("FCT"), and meet with them to discuss the Company's annual statement and those portions of the annual return filed with the Office of the Superintendent of Financial Institutions Canada ("OSFI") pursuant to the Act which are prepared by the appointed actuary;

- quarterly meet with the appointed actuary of the Company to discuss the reserving position for the prior quarter in relation to the adequacy of the reserves in accordance with actuarial practice;

- appoint, every three years, a peer review actuary to review and opine on the adequacy of the assumptions and processes used by the Company's appointed actuary in the appointed actuary's reports for OSFI and the FCT report;

- review, every three years, the results of the full review of the peer review actuary on the adequacy of the assumptions and methodology used by the Company's appointed actuary in the valuation of policy liabilities and take appropriate action in relation to any recommendations, and, in other years, review the results of the limited review of the peer review actuary on the appropriateness and extent of internal and external material changes affecting the valuation of policy liabilities and take appropriate action in relation to any recommendations; and

- review, every three years, the results of the full review of the peer review actuary on the methodology, assumptions and scenarios used in the FCT report and take appropriate action in relation to any recommendations, and, in other years, review the results of the limited review of the peer review actuary on the appropriateness of the FCT scenarios and take appropriate action in relation to any recommendations.

Oversight of internal controls and disclosure controls and procedures

The Committee will:

- require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure, and to review and evaluate these procedures;

- at least annually, or more frequently as required in the circumstances, consider and review with management and the auditors:

  (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial, disclosure and non-financial controls;

  (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

  (iii) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses;

  (iv) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls;

- on a timely basis, consider and review with management and the auditors:

  (i) the impact of any identified weaknesses in internal controls; and

  (ii) any material issues raised by any inquiry or investigation by the Company's regulators affecting the Company's financial disclosure;

- periodically review with senior management the controls and procedures that have been adopted by the Company to confirm that financial information extracted or derived from the financial statements and other material information about the Company and its subsidiaries that is required to be publicly disclosed under applicable law or stock exchange rules is so disclosed in an accurate and timely manner;

- gain reasonable assurance as to the quality, timeliness and accuracy of all public disclosure of financial information of the Company and that it is complete, fairly represents material information and complies with all applicable laws and stock exchange rules;

- review reports to management by the internal and/or external auditors with respect to weaknesses or deficiencies in internal financial controls, and review the adequacy and appropriateness of management's responses to such external auditor's recommendations;

- review any special audit steps adopted in light of material control deficiencies; and

- require timely reports from management and the internal and external auditors on any indication or detection of fraud, including the corrective activity undertaken in respect thereto.

Review of environmental, social and governance ("ESG") and climate reports

The committee will review the annual ESG and climate reports of the Company prior to the publication thereof, and in doing so the Committee will:

- review the manner in which the reports make reference to the Company's interim and annual financial statements or financial information based on those statements;
- require management to implement and maintain appropriate systems of internal controls over ESG and climate reporting in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure, and to review and evaluate these procedures; and
- where an external auditor is engaged to provide assurance over the reports or any metrics contained therein, (i) review all unresolved items identified by the external auditor in conducting its audit, and review any other matters related to the report that are brought forward by the auditors or management, or which are required to be communicated to the Committee under auditing standards or Applicable Requirements.

Taxation matters

The Committee will review with senior management the status of significant taxation matters of the Company, including key areas of potential risk or judgment as well as upcoming taxation matters with potential significant financial consequence to the Company.

Relations with senior management

Committee members will meet privately with senior management of the Company periodically and as frequently as the Committee considers appropriate to fulfill its responsibilities, which will not be less frequently than annually, and to discuss any areas that are of concern to the Committee or senior management.

Other matters

The Committee will:

- at least once every three years, review, and upon agreement approve, the statement of mandatory responsibility and authority of the CFO concerning oversight functions, or any changes thereto;
- at least once every three years, review, and upon agreement approve, the statement of mandatory responsibility and authority of the chief actuarial officer and the appointed actuary concerning oversight functions, or any changes thereto;
- annually assess the sufficiency of the Company's accounting and financial personnel;
- provide input to the Human Resources and Compensation Committee on the potential appointment of a new CFO or executive head of internal audit, and to the Board on the potential appointment of a new appointed actuary;
- review such investments and transactions that could adversely affect the well-being of the Company as the external auditor or any officer of the Company may bring to the attention of the Committee;
- prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents; and
- provide oversight over the corporate policies delegated to the Committee by the Board from time to time.

COMPLAINTS PROCEDURE

The Committee will establish policies and procedures for the receipt, retention and treatment of complaints received by the Company and its subsidiaries regarding accounting or auditing matters, internal controls with respect to financial reporting and disclosure controls and procedures.

The Committee will also establish procedures for the confidential, anonymous submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters, internal controls with respect to financial reporting and disclosure controls and procedures, which shall provide for prompt notification to the Committee Chair of the receipt of any such reports.

Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Committee determines that the matter requires further investigation, it will direct the Committee Chair who may engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management (including legal counsel) where appropriate to reach a satisfactory conclusion. The Committee will receive periodic reports from the Committee Chair regarding complaints and concerns made under such procedures, if any.

REPORTING

The Committee will regularly report to the Board on, among other matters:

- the independence of the external auditor;
- the performance of the external auditor and the Committee's recommendations regarding its reappointment or termination;
- the adequacy of the Company's internal controls and disclosure controls;
- its recommendations regarding the annual and interim financial statements of the Company, including any issues with respect to the quality or integrity of the financial statements;
- its review of the annual and interim management's discussion and analysis;
- the Company's compliance with legal and regulatory requirements related to financial reporting;
- the effectiveness of the external audit process; and
- all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

ASSESSMENT

At least annually, the Corporate Governance Committee will review the effectiveness of the Committee in fulfilling the responsibilities and duties set out in this mandate, in accordance with the evaluation process approved by the Board.

The Committee will review and assess the adequacy of this mandate at least once every three years and submit it to the Corporate Governance Committee for approval together with amendments as it deems necessary and appropriate. The Corporate Governance Committee will review this mandate and submit it to the Board for approval with such further amendments as it deems necessary and appropriate. Minor technical amendments to this mandate may be made by the corporate secretary, who will report any such amendments to the Board at its next regular meeting.

ACCESS TO RECORDS AND OUTSIDE ADVISORS; RELIANCE ON EXPERTS

In carrying out its responsibilities, the Committee:

- is empowered to investigate any matter with full and unrestricted access to all books, records, facilities and personnel of the Company and its subsidiaries;
- may retain, remove, instruct and pay any outside advisor, including independent counsel, at the expense of the Company without Board approval at any time;
- has the sole authority to determine such advisor's fees and other retention terms;
- may communicate directly and privately with the internal auditor, the external auditor and any other advisor engaged by the Committee at any time; and
- shall be entitled to rely in good faith upon:
  - financial statements of the Company, or any other report of the Company represented to them by an officer of the Company or in a written report of the external auditor to present fairly the financial position of the Company in accordance with the accounting and financial reporting standards applicable to the Company,
  - a report or advice of an officer or employee (including the Appointed Actuary) of the Company, where it is reasonable in the circumstances to rely on the report or advice, and
  - a report of an actuary, lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by such a person.

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 constating documents and bylaws, it is not intended to establish any legally binding obligations.

APPENDIX C – SUMMARY OF THE SHAREHOLDER RIGHTS PLAN

The Rights Plan is available under the Company's profile on SEDAR+ at www.sedarplus.ca and copies are available from the Corporate Secretary at 111 Westmount Road South, P.O. Box 2000, Waterloo, Ontario, N2J 4S4. The following is a summary of the principal terms of the Rights Plan. The summary is qualified in its entirety by reference to the terms of the Rights Plan.

Effective Time and Term

The Rights Plan became effective on April 4, 2024, upon the entering into of the shareholder rights plan agreement. Notice for filing of the Rights Plan has been accepted by the TSX and, under the rules of the TSX, a rights plan must be ratified by shareholders at a meeting held within six months following the adoption of the plan (the "Meeting"). Pending shareholder approval of the resolution approving the Rights Plan (the "Rights Plan Resolution"), the Rights Plan will remain in effect so that its intent is not circumvented prior to the Meeting. All shareholders will be permitted to vote on ratification and approval of the Rights Plan, other than those holders of Common Shares who are not Independent Shareholders. The Rights Plan will remain in effect subject to ratification and approval at the Meeting, and reconfirmation at the Company's annual meetings occurring no less frequently than every third year thereafter. It will expire upon the conclusion of such an annual meeting where it is not reconfirmed by shareholders or where it is not presented for reconfirmation.

Issue of Rights

One Right was issued and attached to each Common Share outstanding as of 12:01 a.m. Eastern time on April 4, 2024 (the "Effective Time") and will attach to each Common Share issued after the Effective Time and prior to the earlier of the Separation Time (as defined below) and the expiration of the Rights Plan (the "Expiration Time").

Rights Exercise Privilege

The Rights will separate from the Common Shares and will be exercisable for 10 trading days (the "Separation Time") after a person has acquired, or commences an offer to acquire, 20% or more of the Common Shares, other than by an acquisition pursuant to a take-over bid permitted by the Rights Plan. The acquisition by any person (an "Acquiring Person") of more than 20% of the Common Shares, other than by way of a Permitted Bid (as defined below), is referred to as a "Flip-in Event." Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person) will permit the purchase of that number of Common Shares having an aggregate Market Price (as defined in the Rights Plan) on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price (as defined in the Rights Plan) for an amount in cash equal to the Exercise Price. The Exercise price is defined, for the period from and after the Separation Time, as an amount equal to two (2) times the Market Price per Common Share determined as of the Separation Time. For instance, ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person), will permit the purchase of $120 worth of Company's shares for $40.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by the applicable certificates for Common Shares or by the applicable book-entry form registration for the associated Common Shares and will be transferable only together with, and will be transferred by a transfer of, such associated Common Shares issued from and after the Effective Time and will not be transferable separately from Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares.

Permitted Bid Requirements

The Rights Plan is "triggered" when a person acquires or announces its intention to acquire 20% or more of the Common Shares, unless the take-over bid has been conducted in accordance with a stringent set of requirements outlined in the Rights Plan (a "Permitted Bid") or the Rights Plan is waived by the Board.

The requirements for a Permitted Bid include the following:

- The take-over bid must be made to all holders of record of Common Shares, other than the acquiror;
- take-over bid must contain an irrevocable and unqualified condition that no Common Shares will be taken up or paid for:
    - prior to the close of business on a date that is not less than 105 days following the date of the bid, or such shorter minimum period as determined in accordance with section 2.28.2 or section 2.28.3 of National Instrument 62-104 – Take Over Bids and Issuer Bids ("NI 62-104") for which a take-over bid (that is not exempt from any of the requirements of Division 5 (Bid Mechanics) of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104, and
    - unless at the close of business on the date Common Shares are first taken up or paid for under such bid, more than 50% of the then outstanding Common Shares held by Independent Shareholders (as defined below) shall have been tendered or deposited pursuant to the bid and not withdrawn;

- Unless the take-over bid is withdrawn, securities may be tendered or deposited at any time during the period in which the take-over bid must remain open in accordance with the requirements of NI 62-104, and any securities tendered or deposited pursuant to the take-over bid may be withdrawn until taken up and paid for (subject to certain exceptions in the case of a partial take-over bid in accordance with the requirements of NI 62-104); and
- If a majority of the outstanding Common Shares held by Independent Shareholders have been tendered or deposited and not withdrawn as described above, the acquiror must make a public announcement of that fact and the take-over bid must be extended for a period of not less than 10 days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid, except that the minimum deposit period may be shorter as prescribed by NI 62-104.

Under the Rights Plan, "Independent Shareholders" means holders of any Common Shares, other than (i) any Acquiring Person; (ii) any acquiror (other than any person who is not deemed to beneficially own the Common Shares held by such person); (iii) any affiliate or associate of any acquiring person or acquiror; (iv) any person acting jointly or in concert with any acquiring person or acquiror; and (v) any employee benefit plan, stock purchase plan, deferred profit sharing plan and any similar plan or trust for the benefit of employees of Definity or a subsidiary of Definity, including the Definity Trust Plan, unless the beneficiaries of the plan or trust direct the manner in which the Common Shares are to be voted or withheld from voting or direct whether the Common Shares are to be tendered to a take-over bid.

Permitted Lock-up Agreements

The Rights Plan requires that a person making a take-over bid structure any lock-up agreement so as to provide reasonable flexibility to the shareholder of the Company in order to avoid being deemed the beneficial owner of the Common Shares subject to the lock-up agreement and potentially triggering the provisions of the Rights Plan.

Under the Rights Plan, a person will not be deemed to "beneficially own" any security where the holder of such security has agreed to deposit or tender such security pursuant to a "Permitted Lock-up Agreement".

The Rights Plan defines a Permitted Lock-up Agreement as an agreement between a person and one or more holders of Common Shares or convertible securities the terms of which are publicly disclosed and copy of which agreement is made available to the public (including the Company) not later than the date the Lock-up Bid (as defined in the Rights Plan) is publicly announced or if the Lock-up Bid has been made prior to the date of which such agreement has been entered into then as soon as possible after it is entered into and in any event not later than the date following the date of such agreement, and pursuant to which each locked-up person agrees to deposit or tender Common Shares or convertible securities to the locked-up bid and which further permits the locked-up person to withdraw their Common Shares in order to deposit or tender the Common Shares to another take-over bid or support another transaction (i) where the price or value per security under the other take-over bid exceeds the price per security offered under the Permitted Lock-up Agreement; or (ii) if (A) the price or value per security under the other take-over bid or transaction exceeds the price or value per security offered under the Lock-up Bid by as much as or more than a specified amount and the specified amount is not greater than 7% of the offering price in the Lock-up Bid; or (B) the number of securities to be purchased under the other take-over bid or transaction exceeds the number of securities offered to be purchased under the Lock-up Bid by as much or more than a specified number of securities and the specified number of securities is not greater than 7% of the number of securities offered to be purchased under the Lock-up Bid, at a price or value per share, as applicable, that is not less than the price or value per share offered under the Lock-up Bid. In addition, in order to qualify as a Permitted Lock-Up Agreement under the Rights Plan, there can be no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of (i) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to a locked-up person; and (ii) 50% of the amount by which the price or value payable under another take-over bid to a locked-up person exceeds the price or value of the consideration that such locked-up person would have received under the Lock-up Bid.

Waiver and Redemption

The Board may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of Common Shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Common Shares. The Board may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence or other circumstances, provided that the Acquiring Person that triggered such Flip-in Event reduces its beneficial holdings to 20% or less of the outstanding Common Shares within 14 days (or 10 days if such acquisition was not inadvertent) or such other period as may be specified by the Board. With the majority consent of holders of Common Shares or Rights holders at any time prior to the occurrence of a Flip-in Event, the Board may redeem all, but not less than all, of the outstanding Rights at a price of $0.00001 each.

Exemption for investment advisors

Investment advisors (for client accounts), managers of mutual funds, trust companies (acting in their capacity as trustees and administrators), statutory bodies managing investment funds (for employee benefit plans, pension plans, insurance plans or various public bodies), registered pension funds, plans or related trusts and their administrators or trustees, and Crown agents or agencies acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Amendment

The Board may amend the Rights Plan with the approval of a simple majority of the votes cast by the Independent Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose. The Board may, without such approval, correct clerical or typographical errors and, subject to such approval at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to

changes in applicable legislation. Moreover, the Board may amend the Rights Plan prior to its ratification at the Meeting with the concurrence of the Rights Agent.

Voting Requirements

At the Meeting, shareholders of the Company will be asked to consider and, if deemed appropriate, to pass the Rights Plan Resolution. In order for the Rights Plan to become effective, the Rights Plan Resolution must be approved by: (i) a simple majority of the votes cast at the Meeting in favour of the Rights Plan Resolution by all shareholders of the Company, whether in person or by proxy; and (ii) a simple majority of the votes cast at the Meeting in favour of the Rights Plan Resolution by the Independent Shareholders, whether in person or by proxy. As of the record date for the Meeting, based on publicly available information, to the knowledge of the Company there are no holders of Common Shares that are not Independent Shareholders, other than the Definity Trust Plan, and therefore it is anticipated that all shareholders other than the Definity Trust Plan will be eligible to vote their Common Shares on the Rights Plan Resolution.

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