



## Governance and policy

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SGI CANADA sells property and casualty insurance products in 5 Canadian provinces.

SGI offers its competitive insurance products sold with a network of independent insurance brokers through **SGI CANADA and its subsidiaries**: SGI CANADA in Saskatchewan, British Columbia, Alberta and Manitoba, and as SGI CANADA and the Coachman Insurance Company in Ontario.

### Strategic direction

#### Mission

We're your insurance company, protecting you, your family and your community.

#### Vision

##### SGI CANADA

- Accelerate growth through great customer experiences.

##### Auto Fund

- Achieve the safest roads in Canada while caring for customers.

#### Values

##### INTEGRITY

- Doing the right thing (by being accountable, honest, trustworthy and fair).

##### CARING

- Understanding that empathy, courtesy and respect make an impact.

##### INNOVATION

- Transforming how we do things today for an even more successful tomorrow.

## Governance

SGI submits performance management and investment decisions for review and approval by CIC and the provincial cabinet.

Saskatchewan Government Insurance (SGI), the Saskatchewan Auto Fund and SGI CANADA are governed by:

- [The Saskatchewan Government Insurance Act](http://www.publications.gov.sk.ca/details.cfm?p=846)<<http://www.publications.gov.sk.ca/details.cfm?p=846>>, 1980
- [The Automobile Accident Insurance Act](http://www.publications.gov.sk.ca/details.cfm?p=388)<<http://www.publications.gov.sk.ca/details.cfm?p=388>>
- provisions of [The Crown Corporations Act](http://www.publications.gov.sk.ca/details.cfm?p=450)<<http://www.publications.gov.sk.ca/details.cfm?p=450>>, 1993, which gives the Crown Investments Corporation of Saskatchewan (CIC), the holding company for Saskatchewan's commercial Crown corporations, the broad authority to set the direction of the corporation.

Where required by legislation or policy directive, SGI submits performance management and investment decisions for review and approval by CIC and the provincial cabinet.

Through its chair, who is an outside director, the SGI Board of Directors is accountable to the Minister Responsible for SGI. The Minister functions as a link between the corporation and CIC and cabinet, as well as the provincial legislature.

## Corporate Governance Guidelines

The Canadian Securities Administrators and securities regulators across Canada have implemented governance policies for publicly traded companies. National Policy 58-201 and National Instrument 58-101 came into effect on June 30, 2005. While Saskatchewan Government Insurance is not publicly traded and therefore not required to comply with these guidelines, they provide an excellent benchmark to measure good governance practices.

Detailed outline of governance policies	
Guideline	Saskatchewan Government Insurance
<p><b>Composition of the board</b></p> <p>1. The board should have a majority of independent directors</p>	<p>Yes. The Board of Directors is constituted of a majority of independent directors.</p>

### Guideline

2. The chair of the board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as “lead director.” However, either an independent chair or an independent lead director should act as the effective leader of the board and ensure that the board’s agenda will enable it to successfully carry out its duties.

### Meetings of Independent Directors

3. The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

### Board mandate

4. The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:

- a. to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the CEO) and other executive officers, and that the CEO and other executive officers create a culture of integrity throughout the organization.

### Saskatchewan Government Insurance

Yes. The Chair of the Board is an independent director.

Yes. The Board of Directors has meetings in-camera, during which no management is in attendance, at every Board and committee meeting, as well as on an as-required basis. There are no non-independent directors on the current Board.

Yes. The Board has approved Terms of Reference (mandate), which explicitly acknowledge responsibility for the stewardship of the corporation.

Yes. The Board has approved corporate values under which all employees, including the CEO and senior management, are expected to operate.

**Guideline**

- b. adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- c. the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;
- d. succession planning (including appointing, training and monitoring senior management);
- e. adopting a communication policy for the issuer;
- f. the issuer's internal control and management information systems; and,

**Saskatchewan Government Insurance**

Yes. The Board of Directors holds an annual strategic planning session. This session provides the basis of the corporation's strategic plan and initiatives, as well as direction to management in the formation of the corporation's operating budget and goals. Further, the Board is provided with quarterly updates during the year on the progress on corporate strategic initiatives.

Yes. The Board of Directors undertakes a process to identify the principal risks of the business, to achieve a proper balance between risks incurred and potential returns, and to oversee the implementation of appropriate systems to manage the risks. The Board of Directors has established a Risk Committee with responsibility for this function and it reports to the Board on those risks on at least an annual basis.

Yes. The Board of Directors has charged the Human Resources Committee with responsibility for reviewing the corporation's succession plan, which includes assessments and development for senior management. The committee reviews the plan on an annual basis and reports its findings to the Board.

Yes. The corporation has a formal communications policy that has been approved by the Board of Directors.

Yes.

### Guideline

- g. developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.

### The written mandate of the board should also set out:

- i. measures for receiving feedback from stakeholders (e.g., the board may wish to establish a process to permit stakeholders to directly contact the independent directors); and,
- ii. expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

### Position Descriptions

5. The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board, together with the CEO should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.

### Saskatchewan Government Insurance

Yes.

Yes. The corporation also undertakes research semi-annually on behalf of the Board.

Yes. Position descriptions for directors were developed and approved.

Yes. Position descriptions for directors were developed and approved. A position description for the CEO has been developed and approved. The Board has developed and approved corporate goals and objectives.

## Guideline

### Orientation and Continuing Education

6. The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business.

7. The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.

### Code of business Conduct and Ethics

8. The board should adopt a written code of business conduct and ethics (a code). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:

- a. conflicts of interest, including transactions in respect of which a director or executive officer has a material interest

## Saskatchewan Government Insurance

Yes. The Terms of Reference for the Board specify the responsibility for director training, which has been delegated to the Governance Committee. New directors receive an orientation that provides an overview of the corporation, its operations and its industry. Further, directors are educated on the role of the Board, its committees and the expectation of directors. The director position description describes a director's responsibilities.

Yes. The Board provides opportunities for all directors to increase their knowledge of issues and subjects facing the corporation. Further, Crown Investments Corporation provides director training opportunities to all Crown corporation directors.

Yes. The Board has adopted a written Corporate Code of Ethics and Conduct, which is applicable to directors, officers and employees. The Board is also subject to the Crown Investments Corporation Code of Conduct for Directors.

Yes. Conflicts of interest are addressed in the Corporate Code of Ethics and Conduct. In addition, situations of potential conflicts of interest involving directors are reviewed and monitored by the Governance Committee.

**Guideline****Saskatchewan Government Insurance**

b. protection and proper use of corporate assets and opportunities;

Yes. Protection and proper use of corporate assets and opportunities are addressed in the Corporate Code of Ethics and Conduct.

c. confidentiality of corporate information;

Yes. Confidentiality of corporate information is addressed in the Corporate Code of Ethics and Conduct. In addition, confidentiality obligations of the directors are monitored by the Governance Committee.

d. fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;

Yes. Fair dealing with customers, suppliers, competitors and employees is addressed in the Corporate Code of Ethics and Conduct.

e. compliance with laws, rules and regulations; and,

Yes. Compliance with laws, rules and regulations is addressed in the Corporate Code of Ethics and Conduct.

f. reporting of any illegal or unethical behaviour.

Yes. Reporting of any illegal or unethical behaviour is addressed in the Corporate Code of Ethics and Conduct and, more specifically, in the Whistleblower Policy and under *The Public Interest Disclosure Act*.

9. The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.

Yes. Director issues are brought to the Governance Committee and staff issues are brought to the Human Resources Committee. The Human Resources Committee receives an annual report concerning compliance with the code. On an as-required basis, the Governance and Human Resources Committee may grant a waiver from the code.

### Guideline

Although issuers must exercise their own judgment in making materiality determinations, the Canadian securities regulatory authorities consider that conduct by a director or executive officer which constitutes a material departure from the code will likely constitute a “material change” within the meaning of National Instrument 51-102 Continuous Disclosure Obligations. National Instrument 51-102 requires every material change report to include a full description of the material change. Where a material departure from the code constitutes a material change to the issuer, we expect that the material change report will disclose, among other things:

- the date of the departure(s),
- the party(ies) involved in the departure(s), -the reason why the board has or has not sanctioned the departure(s), and
- any measures the board has taken to address or remedy the departure(s).

10. The board should appoint a nominating committee composed entirely of independent directors.

11. The nominating committee should have a written charter that clearly establishes the committee’s purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.

### Saskatchewan Government Insurance

Not applicable.

Yes. The Board has charged the Governance Committee with the responsibility of the nomination of directors. The committee is comprised entirely of independent directors.

Yes. The Governance Committee’s charter is contained within its Terms of Reference.



### Guideline

12. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps:

- a. Consider what competencies and skills the board, as a whole, should possess. In doing so, the board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another.
  
- b. Assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the board. Instead, the board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic.
  
- c. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making.
  
- d. In carrying out each of these functions, the board should consider the advice and input of the nominating committee.

13. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.

### Saskatchewan Government Insurance

Yes. The Governance Committee undertakes a skills assessment on an annual basis.

Yes. The Governance Committee undertakes a needs assessment on an annual basis.

Yes. The size of the Board is set by Executive Council, as required by *The Saskatchewan Government Insurance Act*.

Yes. The Governance Committee reports regularly to the Board and when required makes recommendations. It should be noted that director appointments are made by Order-in-Council.

Yes. The Governance Committee has a recruitment and selection process that it undertakes prior to making recommendations for appointments to the Board and Crown Investments Corporation.

### Guideline

14. In making its recommendations, the nominating committee should consider:

- a. the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;
- b. the competencies and skills that the board considers each existing director to possess;
- c. the competencies and skills each new nominee will bring to the boardroom; and,
- d. the nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.

### Compensation

15. The board should appoint a compensation committee composed entirely of independent directors.

### Saskatchewan Government Insurance

Yes. The Governance Committee reviews the competencies and skills required for the Board as a whole.

Yes. The Governance Committee reviews the competencies and skills of each of the directors.

Yes. The Governance Committee has responsibility to review the competencies and skills of nominee directors.

Yes. During the recruitment and selection process, the Governance Committee ensures that potential nominees understand the requirements and have sufficient time and resources to devote to the Board member responsibilities.

Yes. The Board has delegated the responsibilities for compensation to the Human Resources Committee. The committee is comprised entirely of independent directors.

### Guideline

16. The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

17. The compensation committee should be responsible for:

- a. reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation;
- b. making recommendations to the board with respect to non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and,

### Saskatchewan Government Insurance

Yes. The Human Resources Committee's charter is contained within its Terms of Reference. The committee has the authority to engage and compensate any outside advisor it may determine is necessary to carry out its duties.

Yes. The Human Resources Committee undertakes a detailed CEO evaluation on an annual basis. As part of that evaluation, the committee reviews corporate goals and objectives, and evaluates the CEO's performance against those goals and objectives. The findings of the evaluation and any compensation changes resulting from the review are recommended to the Board.

Yes. The Human Resources Committee reviews and recommends to the Board non-CEO officer compensation and incentive compensation plans. Director compensation is set by the Crown Investments Corporation in accordance with *The Saskatchewan Government Insurance Act*. The Crown Investments Corporation sets the compensation plans in accordance with *The Saskatchewan Government Insurance Act*.

**Guideline**

- c. reviewing executive compensation disclosure before the issuer publicly discloses this information.

**Regular Board Assessments**

18. The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider:

- a. in the case of the board or a board committee, its mandate or charter; and,
- b. in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the board.

**Saskatchewan Government Insurance**

Not applicable. Individuals reporting to the CEO, which includes all executive members, are required by legislation to file and report any changes in their compensation to the Clerk of the Executive Council within a 14-day period of time. Further, by policy of the Crown and Central Agencies committee of the Legislature, the corporation is required to file an annual payee list which also contains the compensation of all members of the executive.

Yes. The Board conducts, on a rotational basis, peer assessments and reviews of the Board and the Chair.

Yes. The Board and its committees review their terms of reference on an as-needed basis and at least every three years.

Yes. The Board has a position description for directors; further, individual director's skills and competencies are reviewed as part of the regular assessments.

The Corporation has adopted CSA Amendment Instrument for National Instrument 58-101 respecting disclosure of Director term limits and representation of women on the Board and in Executive Officer positions as reflected in the following table:

## Guideline

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

19. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

### Policies Regarding the Representation of Women on the Board

20. a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

b. If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

- i. a short summary of its objectives and key provisions,
- ii. the measures taken to ensure that the policy has been effectively implemented,
- iii. annual and cumulative progress by the issuer in achieving the objectives of the policy, and
- iv. whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

## Saskatchewan Government Insurance

The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council. Director appointments are subject to term limits (established by Order in Council).

Since the Corporation's Directors are selected and appointed by the Lieutenant Governor in Council pursuant to statutory authority, the representation of women on the Board is a matter of shareholder policy. CIC has adopted a written "Board of Directors' Appointment Policy." While the policy does not specifically refer to the identification and nomination of women Directors, it requires Crown Boards to include diversity candidates. The term "diversity candidates" is not defined, but is interpreted as including women, Aboriginal persons and visible minorities.

The Corporation has not adopted a policy on the identification and nomination of women Directors, as that is a matter of shareholder policy. CIC maintains statistics regarding the diversity of each Crown Board, including progress made on the percentage of women serving on Crown Boards. CIC forwards the information to Executive Council to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board, and diversity statistics.

**Guideline****Consideration of the Representation of Women in the Director Identification and Selection Process**

21. Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

**Consideration Given to the Representation of Women in Executive Officer Appointments**

22. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

**Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

23. a. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.  
b. Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

**Saskatchewan Government Insurance**

It is the responsibility of Executive Council to consider the level of representation of women on the Board.

No. As women are well represented in executive roles at SGI, SGI has not seen the need for a formal policy in this regard.

Although the CIC policy required Crown Boards to include diversity candidates, the policy does not adopt a specific target for representation of women on the Board.

### Guideline

c. Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

d. If the issuer has adopted a target referred to in either (b) or (c), disclose:

- i. the target, and
- ii. the annual and cumulative progress of the issuer in achieving the target.

### Number of Women on the Board and in Executive Officer Positions

24. a. Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

b. Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

### Saskatchewan Government Insurance

No. As women are well represented in executive roles at SGI, SGI has not seen the need for a formal policy in this regard.

Five of the 12 Board members (42%) are women, including the Board Chair.

Three of the eight executive officers (38%) are women.

### Independence

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly-traded companies in the industry. None of the directors have worked with or for the corporation, or have direct material contracts or relationships with the corporation, or have received remuneration from the corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the corporation. However, one member of the Board of Directors is a partner in a law firm that performed legal services for the corporation in 2014, and is thereby deemed to have a material indirect relationship with the corporation under the above standard. The corporation's owner has managed this issue through the development of a protocol regarding lawyers serving on Crown Investments Corporation subsidiary Crown corporation Boards of Directors. Although not in strict compliance with the CSA standards, this protocol adopts the principle that directors must be free from any material relationship that may interfere with the director's ability to exercise independent judgment in the best interests of the corporation or to influence the choice of law firms. Given the smaller local market in Saskatchewan for legal services, the protocol restricts directors from any direct material relationship, but allows a limited indirect relationship subject to the qualifications of the protocol, such as pre-approval of legal services by an independent Board committee, declarations of conflict, no direct benefit to the director and restriction of information to that director. The corporation's General Counsel reviews all charges related to the provision of legal services by external counsel. The General Counsel in turn reports to the Governance committee of the Board on any new matters undertaken by the director's law firm, other than those that are substantially similar to matters previously performed by the law firm in question. Director Foster

Weisgerber, Q.C., is a lawyer who is subject to this protocol. All other directors are independent of management. At each Board and committee meeting, the directors meet in-camera without the presence of management.

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