

Governance Framework

To ensure sound and prudent management and compliance with regulatory requirements, the Board of Directors (the “Board”) of Desjardins Financial Security Life Assurance Company (the “Company”) adopted a governance policy that is mandatory for all its subsidiaries. The policy is the cornerstone of the governance framework, which covers strategies and procedures specific to the Company, taking into account all applicable legal and regulatory standards.

Board responsibilities

The Board is responsible for setting up and evaluating the governance framework. It ensures that the ongoing strategic planning process is accomplished with a focus on achieving the Company’s mission.

The Board also oversees the allocation of responsibilities between itself and senior management and ensures accountability. The Board forms any committees needed to meet legal requirements or fulfill its own responsibilities. It establishes and reviews the mandates for any such committees, appoints their members and receives regular reports from their chairs. The Board also adopts the mandate of the Company’s management committee and oversees the succession plan for the Company’s executives.

The Board is responsible for ensuring that the Company operates in compliance with legal and regulatory requirements. It also ensures that there is independent, effective, ongoing oversight of the Company’s operations, so that the effectiveness of control mechanisms and the reliability of reports and financial results can be verified.

Within the scope of its oversight, control and accountability responsibilities, the Board approves the charter of the Audit and Risk Management Committee, which is responsible for overseeing the financial reporting process. The Board also approves the choice of external auditors.

The Board approves risk management policies for the Company’s operations and appoints a chief risk officer. It also approves and enforces risk tolerance levels and limits established according to the Company’s risk appetite.

The Board maintains a compliance program that defines and takes into consideration important non-compliance risks. To that end, it also approves a compliance policy and appoints a chief compliance officer. The Board introduces mechanisms to ensure that members remain independent and impartial in the evaluation of the Board and its committees. Onboarding and training programs are in place to ensure board members are aware of their duties and responsibilities to the Company and to continually improve their knowledge.

Executive Committee responsibilities

Further to the delegation of board authority, the Executive Committee has all the powers of the Board over the Company’s affairs, except for any the Board has reserved for itself or that it must carry out according to applicable legislation.

The Executive Committee makes a recommendation to the Board regarding board members’ duties and responsibilities. It oversees governance matters, assesses mechanisms necessary to ensure effective and efficient governance practices and recommends measures to fulfil its mandate. The Executive Committee also submits to the Board policies and broad directions in human resources.

Audit and Risk Management Committee responsibilities

The Audit and Risk Management Committee oversees the financial reporting and risk management processes. It also sees to the quality and integrity of the financial information presented and published according to International Financial Reporting Standards (IFRS) and ensures that proper accounting practices are followed.

It ensures the efficiency of the internal controls system, risk management practices, and internal and external auditing processes.

The Audit and Risk Management Committee is responsible for ensuring that management has an effective internal controls system in place for financial reporting, safeguarding of assets, fraud detection and compliance.

The Audit and Risk Management Committee also monitors the independence of the external auditor, the Desjardins Group Chief Monitoring Officer, the Risk Management Officer, the Chief Compliance Officer and the Appointed Actuary.

Ethics and Professional Conduct Committee responsibilities

The Ethics and Professional Conduct Committee adopts and enforces the rules set out in the Company's Code of Ethics and Professional Conduct and is required to immediately advise the Board of any serious violation of any of these rules. The Ethics and Professional Conduct Committee must assess situations and dilemmas that are brought to its attention according to the values, principles and rules of ethics and professional conduct and issue notices, observations and recommendations on how to proceed. It reviews transactions with entities associated with the Company and ensures that they are conducted at arm's length.

Investment Committee responsibilities

The Investment Committee takes an active role in reviewing and approving the Company's investment strategy and any associated risks. It oversees the monitoring and control mechanisms that ensure investments are handled in a proactive and prospective manner. It examines and makes recommendations on the Company's investment policies to the Board and to the Audit and Risk Management Committee, ensures the policies are enforced and reviews their effectiveness, and sees to it that management reviews the policies as needed. The Investment Committee must ensure that the investment policies cover all types of investments made by the Company. It also implements internal control mechanisms to ensure that investments comply with the Company's policies and procedures and with legal and regulatory requirements.