



2022 ANNUAL REPORT

Working Together for a Human **EXPERIENCE ABOVE ALL**



A subsidiary of **LS Mutual Management**



Uniting our strengths to reach our mission: Making insurance accessible.

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With You for Over a Century

Humania Assurance is one of the oldest and most stable life and health insurance companies in Canada. We design innovative insurance solutions at a competitive price and with a streamlined process that makes them easier to access. To date, our various insurance products and services protect hundreds of thousands of Canadians.



MISSION

Making insurance accessible



OUR PROMISE

A human experience above all!



VISION

Provide peace of mind to all through innovative solutions



VALUES

Collaboration • Innovation • Agility
Empathy • Integrity

2022 Highlights

The year 2022 was filled with achievements, innovations and successes. All of Humania's teams can be proud of all these accomplishments. Here's an overview of the year's highlights.



Best Life Insurance provider for diabetics and increased combined disability coverage amount

In the pursuit of making insurance accessible, we enhanced our Insurance Without Medical Exam (IWME) platform. Improving our product has allowed us to better respond to a market need of a specific category of people. We are proud to offer an improved life insurance offer for people with certain types of diabetes.



Humania recognized as one of Greater Montréal's Top Employers

Humania was once again ranked among Greater Montréal's top 100 employers. This recognition underscores our efforts to offer a business culture centred on wellness and innovation. We are proud to offer a work environment that supports work-life balance and the physical and mental health of our teams.



Posaction Plus becomes PreZen+

As an insurer, it is our top priority that our employees and clients have all the support they need to maintain optimal overall health. With this premise in mind, we enhanced the Employee and Manager Assistance Program. Our new platform, PreZen+ | My Health Ally, provides our group policy holders covered under Long-Term Disability insurance as well as our internal teams, various tools to promote a better work-life balance.



Office reopening

On April 4, 2022, our teams met again in person with great enthusiasm, after more than 2 years' absence! We are proud to offer a hybrid approach that allows our employees to combine remote and in-person working. In order to achieve the elusive work-life balance, we have implemented innovative wellness initiatives. Offering this flexibility to everyone is also a humane experience above all.



Humania named one of Canada's Top Small & Medium Employers

For the fourth year in a row, Humania was ranked among the top small- and medium-sized employers in Canada. We are extremely proud to appear on this list, as it attests to our ambition of promoting a humane experience above all and fostering a healthy and stimulating work environment for our employees, who are key to our success.



Joanne Vézina appointed as Chair of the Board of Directors

In April, we announced the appointment of Joanne Vézina as Chair of our Board of Directors. She is one of the first women to chair a board of directors in the Canadian insurance industry. Ms. Vézina served as Vice-chair of Humania's Board since 2019 and as director since 2005. She was involved in a number of the Company's major initiatives and is recognized for her strategic contributions and exceptional dedication.



New Insurance coverage

In June, we improved our offer on our Prohealth platform by adding a new Payment Insurance – Accident and Sickness. Our innovative approach has once again allowed us to expand our range of insurance solutions with coverage that stands out. With our complete offer and the addition of riders, we can better meet the needs and expectations of the ever-changing market.



Summer gathering and afternoon of wellness

After more than two years of virtual meetings and with the arrival of nice weather, we were delighted to welcome our employees to our summer gathering. We took the opportunity to celebrate our success and engage in fun activities. The teams were able to enjoy an afternoon of wellness – a break for everyone

2022 in numbers

Financial Results Overview



18%

Gross premiums increase



137%

Solvency ratio



\$9.9M

Net income



29%

Growth in Equity

Exceptional employee engagement*

8.4/10

Engagement

9.3/10

Relations with management

8.6/10

Relations with peers

*Officevibe tool results



Focusing on a culture of proximity

At Humania, we are convinced that the well-being of our employees is essential to their development and happiness. That is why we provide a healthy and motivating work environment that encourages them to give their best.





MRS JOANNE VÉZINA

Message from the Chair of the Board

My first annual report as Chair of the Board, reflects another good year for Humania Assurance, as much in its development as in its results. Changes to the management and Board teams created a new impetus that allowed us to solidify our vision and goals as well as to develop a new corporate strategic plan for the next three years.

Heartfelt thanks

We would like to thank Jacques Martineau for his invaluable dedication as well as for the skills and wisdom he brought to the company during his mandate which ended last spring.

We would also like to express our gratitude to René Poitras, who was a tremendous asset to Humania in contributing his expertise as Secretary of the Board for many years and who will now be starting a well-deserved retirement.

Lastly, we would like to thank Lise Lapierre, a seasoned director whose mandate will soon be drawing to an end. For many years, she greatly contributed to the Board with her wide-ranging business, accounting and governance knowledge.

A breath of fresh air

Although the departure of talented members is never easy, it is also an opportunity to assess the expertise and skills necessary to support the Company in the years to come.



To that end, we have recruited two exceptional directors, Pascale Audette and Luc Filiatreault, both with impressive career paths in launching and leading businesses in the technology sector.

Our new Secretary of the Board, André Rivest, brings a wealth of experience acquired during his many years with a major law firm. We have already seen his expert touch in our achievements.

In addition, Michel Tardif, a director at Humania since 2019, offers me considerable support as Vice-Chair of the Board and Chair of the Governance and Ethics Committee.

Humania's success

Humania has once again demonstrated its agility and resourcefulness by achieving impressive results in a complex geopolitical and economic context. This success has rekindled the Board's enthusiasm for the future. I am proud to be supported by a committed management team bent on delivering the objectives of its strategic plan.

Lastly, I would like to thank the members of the Board of Directors, the executive team and all the staff of Humania for their dedication on a daily basis. It is with confidence and optimism that we look forward to the future of our mutual. Our excellent position allows us to continue to stand out and actively participate in the development of innovation in the insurance industry.



Joanne Vézina

Chair of the Board of Directors





MR MARC PELIEL

Message from the President and Chief Executive Officer

It is with pride that I note the remarkable involvement and commitment of our teams in the past year. The accomplishments of 2022 showcase their contribution to the reputation and success of our mutual.

Our great accomplishments in 2022

The dedication of our employees combined with the strength of our network has allowed our individual insurance operations to reach an all-time high in sales. To make insurance ever more accessible, we have enhanced our service offer by developing and improving several of our insurance solutions. It's with the needs of Canadian consumers in mind that we pursue our objectives to streamline our processes and make them easy to use.

For group insurance, we successfully upgraded our employee and manager assistance program and renamed it PreZen+ | My Health Ally. Launched this year, the new platform encourages a better work-life balance for our group insurance clients as well as our in-house teams by putting at their disposal an array of tools related to the pillars of overall health. Our commitment to health and well-being is a key priority.

In addition, to pay particular attention to our impact on the environment and society, we commissioned an outside firm to carry out an analysis of our positioning on environmental, social and governance (ESG) issues. The results confirm our strong position among organizations that offer an exceptional employee experience. An integral part of our purpose is to have a significant impact on the well-being of our generation and those to come.



I would also like to take this opportunity to highlight the excellent collaborative work of our various teams ahead of the coming into force of the new accounting standard IFRS 17, Insurance Contracts. Several of the company's departments pooled their resources in this large-scale project to ensure its success.

Partnerships and subsidiaries

Being well positioned as an agile insurer, we can collaborate with companies with innovative business models. It's through such strong relationships that we can help modernizing the insurance industry. This year, more than ever, our partners stood out with their impressive results, and we are proud to participate in their successes, which show the strength of these relationships and pushes us to jointly design and develop customized insurance solutions that respond to consumer needs.

Our travel subsidiary also experienced an exceptional year. The pent-up demand for travel in 2022 coupled with several easing of restrictions and withdrawals of sanitary measures in a vast majority of countries helped fuel this increase. Our subsidiary was able to meet expectations allowing our clients to travel with peace of mind thanks to its highly adapted offer.

Financial results

Once again, this year, we exceeded our expectations, with a net income of \$9,9 million, demonstrating the strength of our financial results. Several factors explain these positive results, such as our insurance solutions, partnerships, return in strength of the travel industry, diversification of our assets and higher interest rates.

Thanks to our solvency ratio of 137%, we are well placed to meet our obligations to our mutualists. The excellent results combined with our financial strength allow us to continue innovating and creating customized insurance solutions for the generations of today and tomorrow.

Mobilizing to reach our goals

Our diversified communication channels allow us to conserve a culture of proximity even with hybrid work. Informal meetings such as monthly coffee breaks where teams can meet directly with the President and festivities held throughout the year keep us united. Offering a work environment centred on health and well-being is important to us; that is why our flexible work environment favours work-life balance while encouraging fulfilment and happiness for everyone.





Humania was recognized as an Excellence Awardee in the “Canadian HR Team of the Year (Finance/Insurance)” category at the Canadian HR Awards. In addition to this recognition, we received several other awards and distinctions that demonstrate our dedication to our employees, their health and professional fulfilment. Such acknowledgements support the innovative culture that drives our teams and which matches our values and mission: to make insurance accessible.

Acknowledgements

I would like to thank our teams who, every day, personify empathy, integrity, agility, innovation and collaboration not only with their colleagues but also with our clients and partners. I am grateful to be surrounded each day by such high-performing and committed teams. I would also like to thank the members of the Board of Directors and management who, through their counsel, willingness and commitment, contribute to Humania’s success. In closing, I would like to give a special thank you to our mutualists, our distribution network and our precious partners, whose loyalty motivates us to dedicate energy and passion to our projects each and every day.

Together, let’s make insurance accessible.

Marc Pelletier
President and Chief Executive Officer





Board of Directors

Joanne Vézina

MBA, ASC

Chairwoman

Corporate Director

Lise Lapierre

FCPA, ASC

Corporate Director

Louise Pellerin-Lacasse

FCIA, FSA, CERA

Corporate Director

Luc Filiatreault

Corporate Director

Michel Tardif

FSA, FCIA, ASC

Vice-Chair

Corporate Director

René Delsanne

M. Sc., FCIA, FSA, CFA

President, Delsanne conseil inc.

Claude Robitaille

CPA, ASC

Corporate Director

André Rivest

Secretary

Marc Peliel

CPA

**President and Chief
Executive Officer**

Muriel McGrath

ICD.D

President, MC2 Consilium inc.

Corporate Director

Pascale Audette

Corporate Director

Top row, from left to right: André Rivest, Luc Filiatreault, René Delsanne, Claude Robitaille, Michel Tardif and Marc Peliel.

Bottom row, from left to right: Pascale Audette, Joanne Vézina, Lise Lapierre and Muriel McGrath.

Absent: Louise Pellerin-Lacasse.



Executive Team

Marc Peliel

CPA
President and Chief
Executive Officer

Alina Dudau

A.S.A.
Chief Actuary

Denis Lefebvre

Vice-President
Technologies

Nicolas Moskiou

FSA
Executive Vice-President
Products, Innovation and Partnership

Luc Bergeron

FCIA, FSA
Chief Financial Officer
and Treasurer

Kim Rochette

Assistant Vice-President
Culture, Talent and Customer Experience

Top row, from left to right: Alina Dudau, Marc Peliel, Kim Rochette and Nicolas Moskiou

Bottom row, from left to right: Denis Lefebvre and Luc Bergeron

Senior Management

MANAGEMENT

Anthony Blais, FSA, FCIA, CERA

Director | Actuarial, Individual Insurance

Guillaume Delorme

Director | Administration, Group Insurance

Natalie Di Maria, CPA

Director | Accounting Department

Marie-Lou Flibotte

Director, Collab. Agency
Communication & Marketing

Elisabeth Gingras

Director | Customer Experience

Laura Gutierrez

Director, Marketing

Virginie Labonté, CPA

Director | Financial Planning & Analysis

Fanny Laurendeau, B.A.

Director | Contract Management & Network Relations

Cathy Leclair

Director | Administration, Individual Insurance

Sophie Lefebvre, ALHC, HIA, ACS

Director | Administration, Special Projects

Valérie Le Roux, ASC

Vice-President, Products and Partnerships

Jonathan Plourde

Director | Actuarial and Underwriting, Group Insurance

Michelle Tessier, CPA

Director | Special Projects

Nathalia Wosik, B. Sc.

Director | Claims and Underwriting

MANAGEMENT, SALES TEAM

Philippe Barbari

Director | Business and Strategic Development,
Quebec and Atlantic, Group Insurance

Pierre-Philippe Comte

Sales Director | Quebec, Group Insurance

Angélique Fleury

Director | Business Development,
Individual Insurance

Mélina Gauthier, C.A.A.S.

National Vice-President,
Business Development and Administration,
Group Insurance

Amélie Jodoin

National Vice-President,
Développement des affaires, Individual Insurance

Ariana Kane

Sales Representative, Alberta and Saskatchewan,
Individual Insurance

Roberta Lust, BMgmt, CFP, CHS

National Sales Director,
Central and Western Canada, Individual Insurance

Isabelle Parent

Business Development Associate,
Financial Security Advisor

Marie-Pier Parent

Director | Business Development,
Individual Insurance

Taylor Ruby

Sales Representative, British Columbia,
Individual Insurance

Charles Tremblay

Director | Business Development,
Individual Insurance

Martin Walker

Sales Director | Western and Central Canada,
Group Insurance



Summary Consolidated Financial Statements

LS MUTUAL MANAGEMENT

Summary Consolidated Statement of Earnings

Year ended December 31, 2022 (in thousands of Canadian dollars)

	2022	2021
	\$	\$
INCOME		
Premiums		
Gross premiums	196,690	167,232
Premiums ceded to reinsurers	(42,623)	(38,745)
Net premiums	154,067	128,487
Investment		
Investment income	(4,066)	13,197
Change in fair value of financial assets designated at fair value through profit or loss	(75,226)	(13,680)
Net investment income	(79,292)	(483)
Distribution revenues and other revenues	1,047	950
	75,822	128,954
EXPENSES		
Gross benefits	97,501	82,566
Benefits ceded to reinsurers	(23,982)	(22,936)
Change in policy reserves	(119,015)	8,471
Change in reinsurance assets	24,376	(16,525)
Gross commissions	41,431	30,547
Commissions ceded to reinsurers	(10,584)	(9,536)
Premiums taxes	4,111	3,406
Experience refunds and participations	1,352	3,263
General expenses	46,754	39,539
	61,944	118,795
EARNING BEFORE INCOME TAXES	13,878	10,159
Income taxes	3,987	2,197
NET INCOME	9,891	7,962
Attributable to the policyholders	8,393	6,756
Attributable to the non-controlling interests	1,498	1,206
	9,891	7,962

Summary Consolidated Statement of Comprehensive Income

Year ended December 31, 2022 (in thousands of Canadian dollars)

	2022 \$	2021 \$
NET INCOME	9,891	7,962
Other comprehensive income		
Items that will be reclassified subsequently as net income		
Available for sale financial assets		
Unrealized gains [net of income taxes of \$6,189 (\$1,181 in 2021)]	17,167	3,276
Reclassification as net income of realized gains (losses) [net of income taxes of \$100 (8 \$ in 2021)]	277	(24)
Cash flow hedges		
Unrealized gains [net of income taxes of \$0 (\$58 in 2021)]	-	162
Reclassification as net income of realized gains (losses) [net of income taxes of \$(63) (\$63 in 2021)]	174	(174)
	17,618	3,240
Items that will not be reclassified subsequently as net income		
Employee benefits		
Remeasurement of net defined benefit liability [nettes d'impôts de \$521 (\$1,521 in 2021)]	1,445	4,219
	19,063	7,459
COMPREHENSIVE INCOME	28,954	15,421
Attributable to the policyholders	24,567	13,085
Attributable to the non-controlling interests	4,387	2,336
	28,954	15,421

Summary Consolidated Statement of Financial Position

Year ended December 31, 2022 (in thousands of Canadian dollars)

	2022	2021
	\$	\$
ASSETS		
Investment		
Cash and cash equivalents	21,506	24,320
Money market	1,600	5,125
Bonds	251,093	316,419
Shares	75,979	63,762
Infrastructure funds	12,094	11,795
Real estate funds	17,445	15,578
Policy loans	1,470	1,481
	381,187	438,480
Other asset components		
Other assets	30,113	25,130
Reinsurance assets	245,050	268,594
Deferred tax assets	1,108	2,267
Property and equipment	7,798	8,081
Intangible assets	9,439	7,947
Goodwill	13,670	13,670
	307,178	325,689
Total assets	688,365	764,169

Summary Consolidated Statement of Financial Position

Year ended December 31, 2022 (in thousands of Canadian dollars)

	2022	2021
	\$	\$
LIABILITIES		
Policy liabilities		
Policy reserves	484,350	603,365
Investment contract liabilities	312	369
Benefits payable	35,236	31,253
Deposits	7,676	6,583
Participations and experience refunds payable	1,005	1,004
	528,579	642,574
Other liability components		
Other liabilities	26,299	17,606
Deferred tax liabilities	649	
Debenture	4,967	4,962
Lease liabilities	386	496
	32,301	23,064
Total liabilities	560,880	665,638
EQUITY		
Members' equity	88,949	80,556
Non-controlling interests	21,761	17,375
Accumulated other comprehensive income	16,775	600
Total equity	127,485	98,531
Total liabilities and equity	688,365	764,169

On behalf of the Board,



Marc Peliel
Director



Joanne Vézina
Director

Summary Consolidated Statement of Changes in Equity

Year ended December 31, 2022 (in thousands of Canadian dollars)

2022	Members' equity \$	Non- controlling interests \$	Accumulated other comprehensive income \$	Total equity \$
Balance, beginning of year	80,556	17,375	600	98,531
Net income	8,393	1,498	-	9,891
Other comprehensive income	-	2,888	16,175	19,063
	8,393	4,386	16,175	28,954
Balance, end of year	88,949	21,761	16,775	127,485

2021	Members' equity \$	Non- controlling interests \$	Accumulated other comprehensive income \$	Total equity \$
Balance, beginning of year	73,800	15,039	(5,729)	83,110
Net income	6,756	1,206	-	7,962
Other comprehensive income	-	1,130	6,329	7,459
	6,756	2,336	6,329	15,421
Balance, end of year	80,556	17,375	600	98,531

Notes to Summary Consolidated Financial Statements

Year ended December 31, 2022 (in thousands of Canadian dollars)

1. CRITERIA FOR THE PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

LS Mutual Management (hereinafter the “Company”) prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 22, 2023. The independent auditor expressed an unmodified opinion on these consolidated financial statements in the independent auditor’s report dated February 22, 2023.

The Company elected to prepare summary consolidated financial statements using the following criteria:

- a) Presentation of one set of consolidated financial statements, except for the consolidated statement of cash flows and the notes to consolidated financial statements;
- b) Use of the same format in the summary consolidated financial statements as that used for the consolidated financial statements, except for the references to the notes;
- c) Exclusion of the notes to consolidated financial statements, unless their omission prevents users from obtaining a structured view of the Company’s economic resources and obligations at a given time or of any changes during a period.

2. AVAILABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company audited consolidated financial statements can be viewed at the Company’s head office by contacting Humania Assurance Inc.



Reports and committees

Report of the independent auditors on the summary financial statements

To the Policyholders of LS Mutual Management

OPINION

The summary consolidated financial statements of LS Mutual Management (the "Entity"), which comprise:

- the summary consolidated financial position as at December 31, 2022;
- the summary consolidated statement of earnings for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- and related notes to the consolidated financial statements;

are derived from the audited consolidated financial statements of LS Mutual Management as at and for the year ended December 31, 2022 (audited financial statements).

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summary financial statements.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Entity's audited financial statements and the auditor's report thereon.

The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1 in the summary financial statements.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.

KPMG A.R.L. / S.E.N.C.R.L. ¹

KPMG s.r.l./S.E.N.C.R.L., LLP
Montreal (Canada), February 22, 2023

FCPA auditor, public accountancy permit n° A110618

Management's Report

The summary consolidated financial statements of LS Mutual Management (herein "Mutual" or "Company") contained in this annual report are the responsibility of management and have been approved by the Board of Directors. They have been derived from the consolidated financial statements of Mutual and should be interpreted together with them, including the notes.

To assist management in its duties, the Company maintains an internal auditing system to provide reasonable assurance that assets are safeguarded, that only valid and authorized transactions are carried out, and that the financial information is accurate, comprehensive and published in a timely manner.

The Board of Directors fulfils its responsibilities with regard to Mutual's financial reporting primarily through its Audit and Risk Management Committee, which is composed entirely of independent directors and which meets periodically with management and the independent auditor and/or the appointed actuary. The latter may, at their discretion, meet with the Audit and Risk Management Committee, in the presence or absence of management, to discuss matters pertaining to auditing and financial reporting.

On behalf of management,



Marc Peiel
President and Chief Executive Officer



Luc Bergeron
Vice-President, Finance

Saint-Hyacinthe, February 22, 2023

Appointed Actuary's Report

To the Policyholders of LS Mutual Management,

I have assessed the policy liabilities and reinsurance recoverables of LS Mutual Management for its consolidated statement of financial position as at December 31, 2022, and any changes posted to the consolidated statement of earnings for the year then ended, in accordance with the accepted actuarial practices in Canada. This included selecting the appropriate valuation assumptions and methods.

In my opinion, the policy liabilities net of reinsurance recoverables constitute adequate provision for all policyholder obligations under the policies. In addition, the company's results are accurately presented in the consolidated financial statements.

The report is compliant with the Quebec Act Respecting Insurance and its regulations.



Marie-Andrée Boucher, FCIA, FSA
Appointed Actuary

Montreal, February 22, 2023

Governance and Ethics Committee

COMPOSITION

This committee, constituted pursuant to the provisions of the Insurers Act, is composed of independent directors and should comprise at least three members, a majority of whom are not:

- a) Officers or employees of the Company;
- b) Persons who are members of both the Governance and Ethics Committee and the Audit and Risk Management Committee;
- c) Directors, officers, other agents and employees of a business combination of which the Company is the controlling shareholder; and
- d) Holders of a significant interest in the Company or an affiliate.

In order to be effective, this committee must include members that have, for example, experience in corporate governance.

MEMBERS

Michel Tardif, Chair
Joanne Vézina
Pascale Audette

Mandate

The Governance and Ethics Committee oversees the development, adoption and enforcement of the rules required for the application of legislative and regulatory provisions. In particular, it establishes and reviews the Code of Business Conduct that applies to the Company and ensures it is communicated to all concerned. The Committee is to be informed of any infringement to these rules and ensure that appropriate measures are taken in such case. The Committee also ensures that the privacy rules and procedures are comprehensive and complied with. Lastly, it is responsible for the implementation of and compliance with the principles of sound business practices and fair treatment of consumers.

With respect to governance, the Committee is tasked with proposing to the Board of Directors corporate governance rules designed to ensure sound management of the Company and to see that these rules are implemented and updated.

Ethics activity report

As part of its annual review of the Code of Business Conduct, the Committee made some minor modifications.

Regarding application of the Code of Business Conduct, the Committee received a report from compliance management indicating that it had been adequately circulated within the Company and its subsidiaries, and that any material breaches of ethics observed during the year had been adequately reported to the Committee. The Committee also reviewed the directors' declarations of interest and found that no outside director was a related person of the Corporation or was in a potential conflict of interest. Only the President and Chief Executive Officer is a related director within the meaning of the law.

Governance and compliance activity report

The committee recommended to the Board of Directors the adoption and updating of certain policies to Humania Assurance and to LS-Travel.

The Committee also reviewed the compliance reports submitted to it and monitored progress made during 2022 on the Compliance Action Plan. In connection with compliance reporting, the Committee discussed the various measures put in place to ensure the fair treatment of consumers.

Pursuant to their mandate, the Committee members provided support and guidance to the Chair of the Board of Directors in her reflections regarding succession, desired competency profiles for directors, as well as director continuing education. They also ensured application of and compliance with the Policy on Integrity and Competency criteria for Board members and managers of Humania Assurance group companies.

Michel Tardif
Chair

Investment Committee

COMPOSITION

This committee is made up of directors, officers and external experts appointed by the Board of Directors. The President and Chief Executive Officer is a member and chairs the committee.

MEMBERS

Marc Peliel, President and Chief Executive Officer, Chair of the committee

Alina Dudau, Chief Actuary

Luc Bergeron, Vice-President, Finance

René Delsanne, Director

Michel Tardif, Director

Michel Pelletier, external expert advisor

Mandate

The mandate of the Investment Committee is to implement investment and matching strategies in line with the Company's objectives. The committee recommends the Company's investment policy to the Board of Directors and updates it as required. The committee analyzes the results and ensures that the level of asset matching with the Company's financial commitments is consistent with the policy's objectives. The committee ensures that investment activities comply with the investment policy.

The committee also recommends the selection of investment managers to the Board of Directors, verifies that they comply with the Company's investment policy and monitors performance reports against the set objectives.

Humania Assurance's Investment Committee also acts as LS-Travel's Investment Committee, assuming the same responsibilities as set out above.

Activity Report

Throughout the year, the committee analyzed the managers' performance in the investment portfolios of the Company and LS-Travel.

The committee conducted quarterly reviews of the investment policy compliance reports presented by the managers and reported to the Board of Directors.

The Committee members tracked the Company's asset-liability matching and submitted quarterly asset-liability matching reports to the Board.



Marc Peliel
Chair

Human Resources Committee

COMPOSITION

The Committee is composed of at least three directors, including the Chair of the Board of Directors who chairs the Committee.

MEMBERS

Joanne Vézina, Chair
Luc Filiatreault
Muriel McGrath

Mandate

The Human Resources Committee is mandated to evaluate the performance of the President and Chief Executive Officer annually and make recommendations concerning their compensation to the Board of Directors.

Moreover, it receives, reviews and approves the recommendations of the President and Chief Executive Officer concerning the overall compensation of the vice-presidents.

It also updates the Company's key positions succession plan and reviews the major human resources issues facing the Company.

Activity Report

In accordance with its mandate, the Committee conducted an evaluation of the President and Chief Executive Officer's performance and reported its findings to the Board of Directors. Furthermore, it made recommendations to the Board on the President and Chief Executive Officer's compensation for the year 2023 and the related performance objectives.

The Committee also ratified the President and Chief Executive Officer's recommendations concerning the compensation of the Vice-Presidents for the year 2023 and the related performance objectives, reviewed the Company's results and assessed the degree of achievement of the objectives set for the year. In addition, the Committee reviewed and considered the incentive plans and the value of pension benefits for executives.

As part of its work program, at each meeting the Committee meets in camera with human resources management to discuss any human resources management issues that may arise. Lastly, the Committee members conducted its annual review of the Company's management succession plan and held discussions on it with the Board of Directors.

Joanne Vézina
Chair

Audit and Risk Management Committee

COMPOSITION

The committee is made up of independent directors. It must include at least three members, the majority of whom are not members of another committee of the Board of Directors. Each member of the committee must have appropriate knowledge of finance, and at least one member must have expertise in accounting or financial management.

MEMBERS

Claude Robitaille, Chair
Louise Pellerin-Lacasse
Lise Lapierre

Mandate

The mandate of the Audit and Risk Management Committee is to oversee the financial reporting process and ensure that financial statements are presented in accordance with International Financial Reporting Standards (IFRS). It must also ensure that an appropriate internal control system is in place, verify the risk management process, and recommend the Company's risk profile and resulting action plan to the Board of Directors. In addition, it must supervise the audit process, as well as the procedures applied by the Company to ensure that it complies with the laws and regulations in accounting and finance.

Activity Report

In terms of financial reporting, the committee primarily reviewed the independent auditor's report for the year ended December 31, 2021. In addition, it received the Financial Condition Testing (FCT) and the appointed actuary's report on actuarial liabilities.

It also recommended to the Board of Directors the adoption of the audited financial statements and accepted the proposed audit plan for the year 2022. The committee also received statements from management regarding the Company's compliance with its obligations and policies relating to information technology security.

The members of the committee also reviewed the internal control procedures and the reports submitted to it. These include internal audit work performed by the Finance team and audits done by the Company's external partners, such as reinsurers or specialized companies. In addition, the members of the committee continue to monitor, together with senior management, the evolution and impact on the organization of certain upcoming changes to IFRS standards, as well as their impact on capital adequacy requirements for life and health insurance.

In accordance with the mandate given to it by the Board of Directors, the committee reviewed the process leading to the preparation and monitoring of the Company's risk profile, including the resulting action plans, and recommended its adoption to the Board of Directors. It also reviewed the stress-test report prepared by the Actuarial team and recommended the Company's target ratio and risk appetite to the Board of Directors. Lastly, it tracked the main risks and took note of the operational incidents that occurred at each of its meetings.

In terms of IT security, the committee reviewed the audits and action plans implemented by the Company to ensure that its systems are secure and the information it holds is protected. It also reviewed a cybersecurity maturity assessment and action plans for improvements. In addition, the committee examined the annual activity report for the business continuity plan. Lastly, it recommended to the Board of Directors the adoption and updating of certain policies and approved the external auditors' mandate for the 2022 fiscal year.

To carry out its mandate, the committee worked closely with senior management, and held private meetings with the independent auditors, the appointed actuary, the head of cybersecurity, the chief actuary who is also head of risk management as well as the Vice President, Finance.

Claude Robitaille
Chair

Declaration of Governance, Compliance and Integrated Risk Management

GOVERNANCE

Governance is the body of rules and principles to which the company, its directors and its officers must adhere in the performance of their functions to ensure the organization's sound management and financial profitability. It defines the role and responsibilities of the Boards of Directors, directors and senior management, as well as the competencies needed to be a director.

Humania Assurance applies governance rules that recognize the essential contribution of the Board of Directors to the organization's success. Those rules define, among other things, the mandate and operational standards of its Board of Directors, the responsibilities of its directors and the mandates of statutory committees, and they ensure that the officers meet the highest ethical standards. They divide the tasks among the Board of Directors, the Board Chairman and the President and Chief Executive Officer, and they establish a variety of mechanisms to ensure integrated risk management, adequate internal controls and independent supervision of certain activities.

COMPLIANCE POLICY

As an insurance company, Humania Assurance operates in a constantly evolving legislative, regulatory and normative environment. Management places the utmost importance on legislative and regulatory compliance and on prudent, sound management practices.

Humania Assurance has developed a compliance management policy toward establishing a management framework that includes measures to monitor and mitigate the risk of non-compliance with the regulatory environment. It enables members of the Board of Directors to be reasonably assured that Humania Assurance's operations are carried out in accordance with the company's regulatory environment.

The compliance management policy serves to:

- outline the principles and components of the compliance management framework;
- define the roles and responsibilities in the area of compliance;
- meet the requirements established by regulatory authorities while adapting them to the reality of Humania Assurance;
- build a common culture and shared vision of compliance.

INTEGRATED RISK MANAGEMENT POLICY

Humania Assurance operates in an environment where risk management is essential and intrinsic to conducting business. The existence of formal, integrated practices enables it to manage its risks in a uniform, progressive and dynamic approach.

Integrated risk management at Humania Assurance serves to:

- identify, assess, manage and monitor, uniformly and consistently year-to-year, the risks that may hinder the company in attaining its strategic and operational objectives;
- provide the necessary feedback to promote collaboration and horizontal risk management and facilitate the sharing of information regarding the risks throughout the organization;
- create a risk management culture that uniformly and explicitly facilitates resource allocation and decision-making based on the company's risk appetite as determined by the Board.

The integrated risk management policy provides a management framework that includes risk identification, assessment, oversight and mitigation measures, for the purpose of good governance.

Code of Ethics of the Canadian Life and Health Insurance Association (CLHIA)

Humania Assurance is a member of CLHIA and adheres to its code of ethics for members:

1. To engage in keen, fair competition so that the public can obtain the products and services it needs at reasonable prices.
2. To advertise products and services clearly and straightforwardly, and to avoid practices that might mislead or deceive.
3. To ensure that illustrations of prices, values and benefits are clear and fair, and contain appropriate disclosure of amounts that are not guaranteed.
4. To write all contracts in clear, direct language without unreasonable restrictions.
5. To use underwriting techniques that are sound and fair.
6. To pay all valid claims fairly and promptly and without unreasonable requirements.
7. To ensure competent and courteous sales and service.
8. To respect the privacy of individuals by using personal information only for the purposes authorized and not revealing it to any unauthorized person.

Statement of Equitable Treatment of Consumers

The principles of sound commercial practice and equitable treatment of consumers apply to all of Humania Assurance's commercial practices. They must guide the decision-making and daily actions of all the corporation's employees. For Humania Assurance, having sound commercial practices means acting in a fair and responsible manner.

To this end, the following statement of equitable treatment clearly establishes Humania Assurance's position.

STATEMENT OF EQUITABLE TREATMENT

Humania Assurance adheres to the highest standards with regard to the equitable treatment of consumers. We are committed to providing our clients with clear, comprehensive information, fair and equitable treatment, diligent processing of claims and strict protection of their personal information.

Every client can expect to receive clear information on his or her insurance policy, the coverage it provides and the claims settlement process. Clients seeking complementary information are invited to refer to their insurance policy as well as their financial security advisor or our website.

Consumers are also welcome to bring forward any questions they might have regarding their insurance policy in order to better understand the guarantees it provides and the obligations it creates.

Any client wishing to submit a complaint concerning the service he or she has received is invited to do so through Humania Assurance's complaint resolution process.

Social Responsibility

At Humania, social engagement is a fundamental part of our business culture, and we are strongly committed to continuing the contribution we make to our communities.

We are proud to see our employees being actively involved in local organizations and participating in charitable activities. We believe that everyone's personal engagement has a significant impact on people's lives, and we highly encourage it.

As an organization, we are delighted to play a proactive role internationally and support cooperatives that improve the living conditions of communities in need.



SOCODEVI

Humania is a proud member of the SOCODEVI network, the Société de coopération pour le développement international, a Québec organization whose goal is to improve the living conditions of families in developing countries while making communities self-sustaining. Since 2010, we have contributed to SOCODEVI's activities through consulting support, financial commitments as well as concrete actions. The support programs in which we are involved aim to reduce poverty, support cooperative entrepreneurship and increase resilience to climate change through an approach grounded in gender equality.



Humania Assurance cultural centre

In 2014, Humania partnered with the City of Saint-Hyacinthe to support a cultural centre that brings various local sociocultural organizations together under one roof. We are proud to contribute to the local community where the mutual's head office is situated, and this building is named "Centre culturel Humania Assurance."



Le Phare

In early 2022, Humania announced its involvement with Le Phare. Located in Saint-Hyacinthe, this organization's mission is to provide the necessary support to those close to a person suffering from a mental health issue. Activities organized by Humania teams throughout the year raised a significant amount of funds for the organization.



Empathy Day

One of the initiatives we have implemented is Empathy Day, where employees can donate their time to various community organizations.

Empathy Day reflects our desire to increase our presence in the community by encouraging our employees to choose a cause that is important to them while demonstrating initiative and engagement.



HUMANIA ASSURANCE

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