

**THE EMPIRE LIFE INSURANCE COMPANY  
(Company)**

**MANDATE OF THE BOARD OF DIRECTORS**

The purpose of this mandate of the Board of Directors (the Board) is to provide guidance to Board members as to their responsibilities. The power and authority of the Board is subject to the provisions of applicable law.

**PURPOSE OF THE BOARD**

The Board is responsible for the stewardship of the Company. This requires the Board to oversee the conduct of the business and affairs of the Company. The Board discharges some of its responsibilities directly and discharges others through delegation to senior management or to a Board committee. Any responsibility that has not been delegated to senior management or to a Board Committee remains with the full Board.

**MEMBERSHIP**

The Board consists of directors elected by the shareholders and participating policyholders of the Company as provided for in the Company's constating documents and in accordance with applicable law. From time to time, the Board reviews its size and membership to be satisfied that it facilitates effective oversight and decision-making by the Board in the fulfillment of its responsibilities.

**ETHICS**

Board members act in accordance with applicable law and the Company's letters patent, by-laws and corporate governance resolutions. Board members carry out their responsibilities objectively, honestly and in good faith with a view to the best interests of the Company. If an actual or potential conflict of interest arises with respect to a director, they will promptly inform the Board Chair or Vice-Chair and will refrain from voting or participating in discussion of the matter in respect of which they have an actual or potential conflict of interest.

**MEETINGS**

The Board meets in accordance with a schedule established each year by the Board, and at other times as the Board may determine. Quorum for the transaction of business at any Board meeting is the lesser of seven directors or a majority of the number of directors fixed at that time as the full membership of the Board. Meeting agendas are developed in consultation with the Chair or, in the Chair's absence or as requested by the Chair, the Vice-Chair, and Board members may propose agenda items through communication with the Chair or Vice-Chair accordingly. Members of management and others may attend meetings as directed by the Board at its discretion.

## **RESPONSIBILITIES OF THE BOARD**

The Board:

### **Strategic Planning**

1. oversees the Company's strategic planning process, including by:
  - a. requiring management to implement a strategic planning process, which establishes goals, objectives and strategies for the Company, taking into account the opportunities and risks of the business,
  - b. at least annually reviewing and approving the strategic plan prepared by management,
  - c. reviewing and approving the Company's financial objectives, plans and budgets, including capital allocations and expenditures outside the ordinary course of business, and
  - d. monitoring corporate performance against the strategic plans, including operating and capital budgets,
2. oversees significant changes to operations and strategy that may materially impact the financial status of the Company, and
3. approves acquisitions and divestitures of business operations and similar strategic investments;

### **Risk Management**

4. monitors the principal risks of the Company's businesses and oversees appropriate risk management, including by at least annually reviewing and approving the Company's Enterprise Risk Management Framework and Risk Appetite Framework, and
5. receives the annual Own Risk and Solvency Assessment Report and reviews the reasonableness and appropriateness of the results in the context of the Company's risk appetite, risk limits and strategic plan;

### **Financial Management**

6. monitors the integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, and
7. reviews and approves the compensation of the external auditor as recommended by the Audit Committee;

### **Succession Planning**

8. oversees and approves succession planning with respect to the Board, Chief Executive Officer, senior executives and officers, including the oversight functions (the Chief Financial Officer, Appointed Actuary, Chief Actuary, Chief Auditor, Chief Risk Officer and Chief Compliance Officer), and approves the appointment, reassignment, replacement or dismissal of the Appointed Actuary;

### **Oversight Functions**

9. appoints, monitors the performance of, and approves the compensation of the Chief Executive Officer, senior executives and officers, including the oversight functions,
10. on an ongoing basis, refines and discloses the Company's principles and approach to corporate governance, including through the assessment of the effectiveness of the Board, Board committees and individual directors, the nomination for election and orientation of new directors, and the continuing education of all directors, and
11. periodically conducts a review of the mandates, authority, independence and resources of the oversight functions;

### **Culture and Ethics**

12. satisfies itself with respect to the integrity of the Chief Executive Officer, and other senior executives and officers, and that they are creating a culture of integrity throughout the Company, and
13. requires management to establish material corporate policies and codes, including but not limited to the Company Code of Business Conduct and policies and procedures required by regulators;

### **Policyholder Rights**

14. establishes the Company's policy for determining dividends to be paid to participating policyholders, and approving dividends to be paid to shareholders and participating policyholders, and
15. establishes the Company's policy for overseeing and managing changes to policies with adjustable features sold by the Company;

### **Charitable Donations**

16. reviews and approves the Company's charitable donation/community investment budget;

### **Pension Plan Oversight**

17. oversees the Company's activities in respect of the Company's registered pension plan and pension fund, and the Company's supplemental pension plan, including by approving substantive changes to the plans and plan funding policies; and

### **Other Responsibilities**

18. reviews and approves changes to Company policies and frameworks relating to contracting, adjustable policies, participating accounts, participating policy dividends, risk management and risk appetite, and trading blackouts.

### **BOARD'S RELATIONSHIP WITH MANAGEMENT**

The Board operates independently of management and has delegated responsibility for the day-to-day management and operation of the Company's business to management. The Board is responsible for supervising management in carrying out this responsibility.

The Board recognizes the importance of having procedures in place to facilitate the effective and independent operation of the Board. The Board therefore requires timely and accurate reporting from management and has complete access to the Company's management for the purpose of carrying out its duties. At their sole discretion, the Board and its Committees shall meet independently of management to discuss important matters and to facilitate open discussion and dialogue between Board and Committee members.

### **BOARD COMMITTEES**

Subject to limits on delegation contained in the by-laws, the *Insurance Companies Act* and in corporate laws applicable to the Company, the Board has the authority to establish and carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. The Board has established the following standing committees of the Board:

- Audit Committee
- Conduct Review Committee
- Investment Committee
- IT Oversight Committee
- Human Resources Committee
- Risk and Capital Committee

The responsibilities delegated by the Board to each committee are set out in their respective mandates. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.

### **BOARD GOVERNANCE**

The Board is responsible for establishing a process for periodic review of Board and committee effectiveness. The Board has implemented an annual self-assessment process designed to identify Board and committee strengths and development opportunities. From time to time, the Board may engage external reviewers to assist with the assessment of Board and committee effectiveness.

The Board reviews Board and committee membership annually as part of its succession planning and to determine whether the Board and its committees have the appropriate mix of knowledge, skills and experience to effectively oversee the operations of the Company.