

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

MANDATE OF THE RISK AND CAPITAL COMMITTEE

AUTHORITY

Primary responsibility for the Company's risk and capital management is vested in senior management and is overseen by the Board of Directors (Board). The Risk and Capital Committee (Committee) is a standing committee of the Board established to assist the Board in its oversight role with respect to:

- a. the management of the Company's enterprise risk management framework and risk appetite framework,
- b. the identification, review and assessment of the Company's principal risks,
- c. the review and assessment of the Company's risk management strategies, and
- d. the deployment and use of capital.

The Committee has unrestricted access to Company personnel, information, documents and resources as required to carry out its responsibilities as set out below. In consultation with the Chair, the Committee has the authority to conduct or authorize investigations into any matters within its scope of authority and to obtain advice and assistance in the conduct of investigations from independent counsel, actuaries, accountants or other professional advisors at the Company's expense.

STRUCTURE AND OPERATION

1. The Committee consists of at least three Directors (including the Chair), a majority of whom are not affiliated with the Company. No employee of the Company or any of its subsidiaries may be a member of the Committee.
2. Committee members are appointed by the Board to serve one-year terms, but may serve any number of consecutive terms. Any member of the Committee may be removed or replaced at any time by the Board, and the Board will fill Committee vacancies.
3. The Committee meets at least four times each year. Any member of the Committee may call additional meetings at their discretion. The Committee may call a Board meeting to consider any matter of concern to the Committee.
4. The external auditor receives notice of all Committee meetings.
5. Quorum for a meeting of the Committee is a majority of its members. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee. Decisions of the Committee are determined by a majority vote.
6. The Committee meets privately with each of the President and Chief Executive Officer, the Chief Risk Officer and the Chief Actuary at each regularly scheduled meeting, and these officers have unrestricted access to Committee members between meetings.

RESPONSIBILITIES OF THE COMMITTEE

The Committee:

Risk Management

7. reviews and recommends to the Board the Company's Risk Appetite Framework and Enterprise Risk Management Framework, which are designed to govern the Company's risk management objectives and requirements,
8. reviews reports from management identifying key current and emerging risks affecting the Company, and satisfies itself that key risks have been appropriately identified and assessed,
9. satisfies itself that management has implemented appropriate procedures and controls to identify, measure, monitor, report on and mitigate the Company's principal risks in accordance with the Enterprise Risk Management Framework, Operational Risk Management Framework and the Risk Appetite Framework,
10. oversees compliance with the Risk Appetite Framework, including risk limits,
11. reviews management's incorporation of a view of risks into its capital management and business decision-making processes,
12. reviews for the purpose of understanding and overseeing the Company's risk and capital management activities:
 - a. reports from management related to the Company's principal risks and risk management programs, procedures and controls,
 - b. reports from management on the Company's Own Risk and Solvency Assessment (ORSA), and
 - c. risk mitigation strategies, including use of hedging and reinsurance,
13. reviews at least annually, and approves changes to, the mandate of the Company's Product Management Review Committee,

Capital Management

14. oversees and reports to the Board concerning management's deployment of capital in a manner so as to deliver the required target rates of return, including reviewing:
 - a. capital utilization in products and sales strategies,
 - b. capital optimization and efficiency strategies, including use of various capital instruments, such as subordinated debentures, preferred shares and limited recourse capital notes,
 - c. the Company's capital management strategy and its relationship with its

risk appetite and ORSA,

- d. the impact of asset allocation strategies on capital utilization, and
- e. regulatory, internal and operational capital targets;

Other Responsibilities

- 15. receives periodic reports to satisfy itself that the Company has in place appropriate planning for business continuity management,
- 16. reviews at least annually and approves changes to Company policies related to operational risk, business continuity management, capital management, equity risk, foreign exchange risk, interest rate risk, model risk, product design and pricing, reinsurance and underwriting and claims adjudication,
- 17. reviews at least annually the adequacy of and compliance with the policies for which it has oversight accountability, and
- 18. fulfils other responsibilities as may be required by applicable regulation, industry guidance, the Board or the Board Chair or Vice-Chair from time to time;

Governance

- 19. reviews at least annually and approves changes to the Chief Risk Officer statement of mandate,
- 20. reviews at least annually the adequacy of the authority, independence and resources of the Chief Risk Officer,
- 21. reviews matters within its mandate that are addressed in regulatory investigations,
- 22. reviews its mandate and its effectiveness in fulfilling its responsibilities as set out in its mandate annually. In addition, Committee membership is reviewed annually by the Human Resources Committee to ensure the Committee as a whole includes members with experience and expertise required to fulfill its mandate.
- 23. The Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Risk Officer, Chief Actuary or Chief Investment Officer and may, at their discretion, contact these officers directly.
- 24. The Committee Chair reviews with the Board Chair annually a performance evaluation of the Committee.

REPORTING

- 25. After each meeting of the Committee, the Committee reports to the Board on matters reviewed by it.