# THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

# AUDIT AND RISK COMMITTEE CHARTER

## I. PURPOSE

The primary purpose of the Audit and Risk Committee (the "Committee") of the Board of Directors (the "Board") of The Guardian Life Insurance Company of America (the "Company") is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, risk management oversight, the system of internal controls, the audit process, and the Company's performance record for complying with laws and regulations and to take or use other means necessary to discharge its responsibilities as described in this *Audit and Risk Committee Charter* (the "*Charter*"), the Company's charter, *By-Laws* and *Corporate Governance Guidelines* approved by the Board.

## II. AUTHORITY

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Retain outside counsel, accountants or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's request – or external parties so authorized by the Committee.
- Meet with company officers, external auditors or outside counsel, as necessary.

## III. ORGANIZATION/COMPOSITION

The regular members of the Committee shall be elected at the annual meeting of the Board and shall hold office for one year or until their successors are elected. The number of regular members shall be determined by the Board, but shall be no fewer than three. Additional members of the Committee may be elected at any meeting of the Board for terms of office of one year or for any shorter period as the Board may determine. All members of the Committee shall be independent Directors. A Chair shall be elected at the annual meeting of the Board from among the Committee's membership, taking into consideration any recommendations made by the Human Resources and Governance Committee in consultation with the Lead Director.

No member of the Committee (or any member of his or her immediate family) shall receive any salary, consulting, advisory or other compensatory fees from the Company, except in his or her capacity as a Board or Committee member.

At least one member of the Committee shall have experience in finance or accounting, requisite professional certification in accounting, or other relevant experience or background. All other members of the Committee shall be financially literate.

## IV. MEETINGS AND PROCEDURES

The Committee will meet at least four times per year, with authority to convene additional meetings, as circumstances require. The Committee may hold meetings in person, by means of telephone or video conference or similar communication equipment, as frequently as it deems necessary in order to fulfil its responsibilities under this *Charter*. A majority of the members of the Committee shall constitute a quorum, and the action of a majority of members at a meeting at which a quorum is present will be the action of the Committee.

At each meeting, the Committee shall have the opportunity to meet in executive session.

From time to time, the Committee may delegate duties or responsibilities to subcommittees composed of a member or members of the Committee.

The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

The Committee and any of its subcommittees shall maintain written minutes of its meetings.

## V. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

A. Financial Statements

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with management and the external auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

4. Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.

5. Understand how management develops interim financial information.

B. Risk Management

1. Monitor all enterprise risks. In doing so, the Committee recognizes the responsibilities delegated to other Committees by the Board and understands that the other Committees may emphasize specific risk monitoring through their respective activities.

2. Discuss with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

3. Review periodically the activities of the Company's Risk Management Committee considering risks that may affect the Company's financial strength or financial ratings and the steps taken by management to manage these risks within acceptable tolerances.

C. Internal Control

1. Ensure management appropriately establishes and maintains an internal controls system to provide reasonable assurance regarding the reliability of the financial statements in order to meet the NAIC Model Audit Rule Revised Regulatory Requirements (as adopted by the applicable state insurance regulator in New York, Massachusetts and Delaware). These responsibilities will include performing the following:

   - Review and discuss with management the following:
     - Risk assessment of the financial reporting internal controls
     - Plans for internal controls over financial reporting, exceptions and results/conclusions
     - Remediation plans for significant control gaps;
   - Discuss the internal controls strengths and weaknesses with management and separately, with the internal and external auditors with no management present;
   - Resolve any disagreements as they relate to internal controls between auditors and management; and
   - Hold management accountable for developing and executing against the remediation plan for significant or material control gaps.

2. In addition to internal controls over financial reporting processes, consider the effectiveness of the Company's financial and operational controls.

3. Understand the scope of internal and external auditors' review of internal controls for financial reporting and operational effectiveness and obtain

reports on significant findings and recommendations, together with management's responses.

4. Obtain follow-up reports from management and the auditors to determine that recommendations have been implemented satisfactorily.

D. Internal Audit

1. Review with management and the Chief Audit Executive the charter, plans, activities, staffing organizational structure and effectiveness of the internal audit function.

2. In conjunction with the Chief Executive Officer, review and concur in the appointment, performance appraisal, replacement or dismissal of the Chief Audit Executive.

3. On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the Committee or the internal auditors believe should be discussed privately and ensure there are no unjustified restrictions or limitations on the Internal Audit Department's activities.

E. External Audit

1. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

2. Approve appointment and fees of independent auditors.

3. Review the performance of the external auditors at least once annually, in accordance with the established measures approved by the Committee and including a discussion of the performance of the external auditors with management and the internal auditors.

4. Exercise final approval on the appointment or discharge of the auditors subject to ratification by the full Board.

5. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.

6. On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

F. Compliance

1. Monitor and periodically review the Company's overall performance record for compliance with the statutes and regulations enacted by its primary regulator, the New York State Department of Financial Services, and the other regulatory authorities in the jurisdictions within which it operates and management's investigation and follow-up (including disciplinary action) of instances of non-compliance.

2. Review the findings of examinations by regulatory agencies and examiner observations.

3. Obtain regular updates from management, the Company's Chief Compliance Officer and the Company's legal counsel regarding compliance matters.

G. Reporting Responsibilities

1. Chair of the Committee, or in the Chair's absence, a member of the Committee, shall periodically report to the Board about the activities, issues, actions and recommendations of the Committee or its subcommittees.
2. Review any other reports the Company issues that relate to Committee responsibilities.

H. Other Responsibilities

1. Perform other activities related to this *Charter* as requested by the Board.
2. Institute and oversee special investigations as needed and receive reports on litigation and fraud.
3. Confirm annually that all responsibilities outlined in this *Charter* have been carried out.

## VI. REVIEW OF CHARTER

The Committee shall review periodically the adequacy of this *Charter* and recommend any proposed changes to the Human Resources and Governance Committee and the Board for approval.

## VII. PUBLICATION OF CHARTER

This *Charter* will be made available on the Company's website.

In the event of a conflict between the terms of this *Charter* and the Company's charter, *By-Laws* or *Corporate Governance Guidelines*, the Company's charter, *By-Laws or Corporate Governance Guidelines* will govern.

Adopted: July 26, 2006
Amended: July 25, 2007
Amended: July 22, 2009
Amended: February 24, 2010
Amended: October 24, 2012
Amended: November 20, 2013