

# Our Corporate Governance Framework

2019

**For 159 years,  
Guardian has  
been dedicated  
to protecting  
individuals,  
their families  
and businesses.**

# Table of Contents

Introduction to Guardian ..... 3

Guardian’s Corporate Governance  
Framework and Structure ..... 4

Policies and Practices of Guardian’s Board of Directors  
and Its Standing Committees ..... 17

Policies and Practices for Guardian’s Senior Management ..... 25

Guardian’s Board of Directors, Its Standing Committees  
and Senior Management Ensure an Appropriate Amount of  
Oversight to the Critical Risk Areas Impacting Guardian’s  
Business Activities ..... 31

Corporate Social Responsibility ..... 35



Dear Policyholders,

As a mutual company, our focus is to serve the interests of our policyholders now, and long into the future. Our Board's primary responsibility is to provide corporate governance and general oversight of the company to ensure we are delivering on our promises.

Our Board of Directors works closely with our executive leadership team to ensure our company continues to be financially strong and builds for future growth, while remaining true to our time-tested values 1) People Count, 2) We Do the Right Thing and 3) We Hold Ourselves to Very High Standards.

We believe strongly that a Board that is cognitively diverse and welcomes a variety of viewpoints contributes to a more effective decision-making process and ultimately to better outcomes for policyholders. That is why we are proud of the diverse array of experience that our Board of Directors and our management team bring to Guardian. In the past two years, we have welcomed four new independent directors to our Board and we've consistently been recognized for having more than 30 percent representation by women.

On the pages that follow, we share details about our governance and oversight structure, our commitment to corporate social responsibility and introduce you to the individuals we are grateful to have serve on our Board and our executive leadership team.

Thank you for choosing Guardian. We appreciate the opportunity to serve you and your families.

Sincerely,

**Deanna M. Mulligan**

President and Chief Executive Officer



## Introduction to Guardian

For 159 years, The Guardian Life Insurance Company of America, a New York mutual insurance company ("Guardian," "Company," "we," "us" and "our") has been dedicated to protecting individuals, their families and businesses. Guardian is one of the largest mutual insurance companies in the United States, with \$8.5 billion in capital and \$1.6 billion in operating income (before taxes and dividends to policyholders), and \$73.9 billion of assets under management (as of December 31, 2018). Guardian has approximately 9,500 employees in more than 150 locations, and a network of over 2,550 financial representatives in 50 agencies nationwide (as of December 31, 2018).

Guardian is a mutual company, which means that we are owned by our participating policyholders. As owners, participating policyholders share in Guardian's actual financial results through annual dividends. Guardian has paid dividends to participating policyholders every year since 1868. Being a mutual company means that our focus is always on our customers and building a strong financial foundation that will serve them today and into the future.

Guardian primarily operates in the life insurance business, but also provides, directly or through its subsidiaries, a wide range of employee benefits, dental and vision insurance, disability income insurance, annuities, dental services, retirement products and investment-related services to individuals, corporations and government in all 50 states of the United States and the District of Columbia.

At Guardian, we hold ourselves to high standards. Guardian relies on the sound decision making, independence processes and oversight of our Board of Directors (the "Board").



# Guardian's Corporate Governance Framework and Structure

Strong corporate governance is and has been a longstanding priority at Guardian. Guardian maintains a highly developed corporate governance structure, which we believe ensures appropriate, timely and relevant reporting by management to the Board, consistent with best practices.

Guardian's basic tenets include promoting governance excellence, holding the best interests of Guardian's policyholders paramount, and, above all, doing the right thing. Our Board's primary responsibility is to maintain and operate the company for our policyholders' benefit and to provide corporate governance and general oversight of the company to ensure we are delivering on our promises.

Guardian has structured a system of corporate governance oversight for itself and its insurance and non-insurance related entities and subsidiaries.



## The Corporate Powers of the Company Are Vested in the Board

Guardian's powers are vested in the Board and, to the extent it may empower them, in such officers, committees, and agents as the Board may elect or appoint from time to time. The Board is governed by Guardian's Charter, Bylaws, Corporate Governance Guidelines, and applicable laws and regulations.

The Charter and Bylaws are Guardian's operative documents and contain general company information and information about the rules and regulations that govern Guardian and help to establish the roles and duties of the Board and the officers. The Board's corporate powers include, but are not limited to, the power to enact bylaws, rules and regulations for Guardian's conduct of business not inconsistent with the Charter or with the law, and to amend or repeal the Bylaws at its discretion. The Corporate Governance Guidelines outline the Board's processes for exercising general oversight of the management of the business and affairs for the benefit of Guardian's policyholders. To that end, the Corporate Governance Guidelines assign a number of specific review, approval and oversight functions for which the Board has overall responsibility, with the ability to delegate performance to either a Standing Committee of the Board or appropriate management member.

The Charter, Bylaws and Corporate Governance Guidelines are all reviewed by the Board annually and updated as appropriate. Each of these documents can be found on the Company's website ([www.guardianlife.com](http://www.guardianlife.com)) under "About Guardian" — "Corporate Governance."

At Guardian, we believe that the independence from management is an important principle to maintain and reinforce in the structure and governance of the Board. In order to maintain the independence of the Board from Guardian's management, the Bylaws require that not less than two-thirds of the total membership of the Board be composed of Directors who are not present or former Guardian officers, and that at least one Director be a Guardian officer. We require that any Director who was elected while he or she was an officer of Guardian at the time of his or her election or reelection resign as a member of the Board simultaneously when he or she ceases to be a Guardian officer. In addition, the Board must affirmatively determine that a Director has no material relationship with the Company, in accordance with our Company's Corporate Governance Guidelines. The Board currently consists of ten Independent Directors and one Guardian officer, the President and Chief Executive Officer ("CEO"). All of the Directors are citizens and residents of the United States, and at least one Director is a resident of the State of New York, in accordance with the New York Insurance Law ("NYIL"). We have a staggered Board, as permitted by New York State law, meaning that the Directors are grouped into classes. The Board is grouped into three classes, and this year three candidates have been nominated for re-election to the Board. Any Director, upon the expiration of his or her term of office, shall be eligible for re-election unless prevented or limited to do so by the Bylaws or Charter. All Directors are participating Whole Life insurance policyholders of Guardian. Specific information about the Annual Election of Directors can be found on the Company's website ([www.guardianlife.com](http://www.guardianlife.com)) under "About Guardian" — "Corporate Governance."

## Board Leadership Structure

The Board designates the CEO. The CEO, subject to the authority of the Board, and to the extent not otherwise prescribed by the Bylaws, has the general control and management of Guardian's business and affairs, as well as supervision of all officers. The CEO, at her discretion and subject to the authority of the Board, delegates to the other Guardian officers and employees such duties, responsibilities and authority not inconsistent with any of which that may be vested in them by the Bylaws, Board or any appropriate Board Committee.

In accordance with the Company's Corporate Governance Guidelines, the Board may have a Chairman if the Board, in its discretion, elects such an officer, and must have a Lead Director who is an Independent Director. The Board has not elected a Chairman at this time; therefore, the CEO presides at all Board meetings, in accordance with the Bylaws. If the CEO is not available to preside at meetings, the Lead Director presides.

The Lead Director was elected by the Independent Directors in order to provide independent board leadership and to ensure that the flow of information and governance by the Board is as effective as possible. The Lead Director is also the primary liaison and facilitator of communication between the Independent Directors and Guardian's senior management. The Lead Director presides at all Board meetings at which the CEO is not present. The Lead Director performs the following functions, together with such other functions as may be reasonably requested by the Board or the CEO:

- scheduling and setting agendas (with input from the other Independent Directors) and presiding at all executive sessions of Independent Directors;
- approving the agenda for Board meetings and facilitating an agenda that enables the Board to focus its time and attention on the most appropriate topics in order to carry out its responsibilities successfully;
- working with the CEO and management to determine the general structure and content of Board materials;
- chairing the Board's Executive Committee;
- facilitating the process of the Board's self-evaluation, including Board Committee self-evaluations;
- overseeing the process of individual Director evaluations;

- acting as a sounding board and advisor to the CEO;
- sharing a lead role in the evaluation of the CEO with the Chair of the Human Resources and Governance ("HR&G") Committee;
- formulating recommendations for membership of Board Committees with the Chair of the HR&G Committee;
- interviewing prospective Board and senior management candidates; and
- serving as a member of the HR&G Committee and another Committee (as assigned for all Directors) and attending any other Committee meetings, as appropriate.

## The Board is Responsible for Providing Effective Corporate Governance Oversight of the Company's Affairs

The Board exercises general oversight of the management of Guardian's business and affairs consistent with its primary responsibility to maintain and operate Guardian for the benefit of its policyholders. The Directors are expected to exercise their business judgment, in what they reasonably believe to be in the Company's best interests, in overseeing the Company's management. In discharging his or her obligations, a Director who acts in good faith may rely on (i) information, opinions, reports or statements prepared or presented by a member of the Company's management whom the Director reasonably believes to be reliable and competent in the matters presented; and (ii) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within such person's professional or expert competence.

In addition to the general oversight of management, the Board is also responsible for performing (or may delegate such performance to a Committee or appropriate member of management) a number of specific functions, including:

- evaluating Guardian's performance and the performance of the CEO and taking appropriate action based upon such evaluation, including changing corporate plans, strategies and objectives, and/or replacing the CEO;





- ensuring that the CEO is creating an operating environment that encourages open communication, both formal and informal, throughout the organization, including open communication between members of the Board and members of the management team;
- consulting with the CEO regarding the hiring and removal of Senior Vice Presidents ("SVPs") (and equivalent or higher-ranking officers), the Corporate Secretary, the Treasurer, the Chief Financial Officer (the "CFO"), the Chief Investment Officer (the "CIO"), the Chief Actuary, the General Counsel (the "GC"), the Chief Audit Executive (the "CAE") and the Chief Compliance Officer (the "CCO"), if any;
- determining, based upon the review and recommendation of the HR&G Committee, the remuneration of the SVPs (and equivalent or higher-ranking officers);
- developing and overseeing a policy for interaction between the Board and management, including the role, authority and reporting lines of Guardian's Internal Audit and any other Guardian departments principally involved in compliance or risk management;
- establishing Committees to assist the Board in overseeing Guardian's business and affairs, designating Directors to serve on such Committees, and adopting and amending (if appropriate) charters for such Committees;

- reviewing, approving and monitoring financial and business objectives and results and major corporate plans and actions, including fundamental operations, corporate strategic plans, annual budgets, formulas for incentive compensation, major financial commitments, corporate mergers, major acquisitions, business line divestitures, capital adequacy, surplus policy, dividend policy and annual dividend distributions;
- reviewing and overseeing corporate systems, internal controls, corporate policies, corporate compliance and risk management-related programs;
- reviewing material legal, regulatory, compliance and risk-related issues, including litigation;
- approving the Charter, Bylaws, Corporate Governance Guidelines and other corporate governance documents, as may be appropriate, and any amendments thereto, and fulfilling all duties and responsibilities set forth therein;
- ensuring processes are in place for maintaining the Company's integrity – the integrity of the Company's financial statements, the integrity of compliance with law and ethics, and the integrity of relationships with stakeholders and other constituents;
- monitoring, on a regular basis, potential competitive challenges and major issues facing the insurance industry;
- assessing major risks facing Guardian and reviewing options for their mitigation; and
- fulfilling such other duties and responsibilities as may be required by applicable law, regulation or Guardian policy, or in connection with a matter over which the Board has authority.

## The Board Delegates Certain Governance Matters to Standing Committees of the Board

The Board, in keeping with its responsibility to provide effective corporate governance oversight of Guardian's affairs in accordance with applicable law, has determined that certain matters are most effectively delegated to a Committee of the Board or to the CEO or other officers or employees of the Company.

The Board's intention is to ensure that it is well-informed, both generally and in all matters that are required to be

brought before the Board or a Committee of the Board under applicable law. At the same time, the Board recognizes that appropriate delegation of authority is essential both to the practical management of Guardian and to the Board's ability to give sufficient consideration to the issues it discusses.

As a general matter, the Board intends to review and discuss the general state of Guardian, matters that may affect the health and strategy of Guardian, and all transactions and other matters that are outside of the ordinary course of business for the Company. In addition, the Board may request information on, and discuss, any other matters as it sees fit.

The Board has established the following Committees to assist it in discharging its responsibilities: the Executive Committee, the Investment Committee, the Audit and Risk ("A&R") Committee, the HR&G Committee and the Product and Distribution ("P&D") Committee (collectively, the "Standing Committees"). Each Independent Director is a member of at least one but no more than two Standing Committees (for this purpose, excluding the Executive Committee). The Lead Director serves as the Chair of the Executive Committee. The Board elects a Chair for each Standing Committee other than the Executive Committee, taking into consideration any recommendations made by the HR&G Committee in consultation with the Lead Director.

The Board and its Standing Committees conduct regular quarterly meetings, typically in February, April, July and November, with interim special meetings, as necessary. All Standing Committees have regular meetings scheduled the day before the regular Board meetings, and Standing Committee Chairs report out to the full Board at each regular Board meeting regarding noteworthy activities, issues, actions and recommendations of their respective Committees. The Board also holds one off-site planning meeting each fall with senior management, with typical attendees including all members of executive management as well as Guardian's business and functional area leaders.

Each Standing Committee has the authority to conduct its affairs as it may reasonably determine and may employ whatever assistance it may deem necessary or advisable from time to time. In addition, each Standing Committee has developed its own Charter to further articulate the Committee's role and to set forth its purposes and

responsibilities. These Charters set forth the qualifications for Committee membership and are subject to the review and approval of the HR&G Committee and the Board. The Standing Committee Charters are published on the Company's website ([www.guardianlife.com](http://www.guardianlife.com)) under "About Guardian" — "Corporate Governance."

### **The Executive Committee**

To the extent permitted by law, the Executive Committee has any and all powers of the Board during the intervals between Board meetings. The Executive Committee consists of the Chair of each Standing Committee, the Lead Director and any other Independent Directors the Board may choose to elect at the annual Board meeting, which Directors shall hold office for a term of one year, subject to reelection. The Chair of the Executive Committee is the Lead Director.

### **The Investment Committee**

The primary responsibilities of the Investment Committee are (i) to have general control and supervision over the investments held by Guardian's General Account, including the power to invest, acquire, exchange and dispose of any such Guardian investments in such manner, and in such amounts, as the Investment



Committee may determine; and (ii) to review the investment activities and results of the Company's subsidiaries and funds managed by Guardian.

The Investment Committee also undertakes such other activities as are consistent with its Charter, the Company's Charter, Bylaws and Corporate Governance Guidelines, and governing law and regulation, and shall conduct itself in accordance therewith. The Investment Committee's activities include, but are not limited to, the following:

- authorizing Guardian officers or any qualified investment adviser to exercise the investment powers granted to the Committee, subject to such restrictions as the Investment Committee may deem advisable or appropriate, as well as any changes in the delegation of investment authority in connection thereto;
- reviewing, on a quarterly basis, the CIO's certification of all investments approved by officers or investment advisers pursuant to the delegated investment authority cited above;
- reviewing and approving investment policies and objectives prepared by management with respect to the General Account;
- monitoring the absolute and relative performance of the General Account;
- overseeing the Company's Derivatives Use Plan ("DUP"), as submitted to the New York Superintendent of Financial Services (the "Superintendent") for approval and as required by NYIL, and any amendments to such DUP, which require similar approval of the Superintendent;
- overseeing all General Account investments in order that they not exceed those limitations set forth in NYIL;
- monitoring all investment risks that may affect Guardian's financial strength or financial ratings and the steps taken by management to manage these risks within acceptable tolerances and potential returns;
- recommending and/or approving matters assigned to the Investment Committee pursuant to the Investment Incentive Compensation Plan, as in effect at the relevant time;
- reviewing asset-liability management policies and their impact on the Company's financial position;
- reporting to the Board about Investment Committee activities, issues, actions and recommendations;
- reviewing any other reports the Company issues that relate to Investment Committee responsibilities; and
- meeting separately with the CIO in executive sessions, on a regular basis, to discuss any matters that the Investment Committee or CIO believes should be discussed privately. The CIO is expected to communicate with the Chair on any significant investment issues that arise between Investment Committee meetings.

### The Audit and Risk Committee

The primary purpose of the A&R Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, enterprise-wide risk management processes (recognizing that certain risk management oversight responsibilities are delegated to other Standing Committees of the Board), the system of internal controls, the audit process and Guardian's performance record for complying with laws and regulations. The A&R Committee regularly reports to the Board to ensure that the Board has an adequate understanding and oversight of the Company's risk policies, risk profile and risk portfolio to support the Board's decision making.







The A&R Committee also undertakes such other activities as are consistent with its Charter, Guardian's Charter, Bylaws and Corporate Governance Guidelines, and governing law and regulations, and shall conduct itself in accordance therewith. The A&R Committee's activities include, but are not limited to, the following:

- reviewing significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understanding their impact on the financial statements;
- reviewing with management and the external auditors the results of the audit, including any difficulties encountered;
- reviewing the annual financial statements and considering whether they are complete, consistent with information known to A&R Committee members, and reflect appropriate accounting principles;
- reviewing with management and the external auditors all matters required to be communicated to the A&R Committee under generally accepted auditing standards;
- understanding how management develops interim financial information;
- meeting, on a regular basis, separately with the CFO in executive sessions to discuss any matters that the A&R Committee or CFO believes should be discussed privately. The CFO is expected to communicate with the Chair on any significant financial issues that arise between A&R Committee meetings;
- reviewing, periodically, the Company's enterprise-wide risk management framework, which outlines the Company's overarching approach to risk management, including the policies, practices and governance structures used by management to execute its risk management program and corporate risk strategy;
- monitoring all enterprise risks, including cybersecurity. In doing so, the A&R Committee recognizes the responsibilities delegated to other Standing Committees by the Board and understands that the other Standing Committees may emphasize specific risk monitoring through their respective activities (i.e., risks associated with products and sales practices, executive compensation and investment activities);

- reviewing the Company's operational risk management program and discussing with management Guardian's major risk exposures, including, but not limited to, financial, operational, cybersecurity, data privacy, information technology, security, business continuity, legal, regulatory, enterprise conduct and reputational risks, and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies;
- receiving management reports on significant emerging and evolving risks, as necessary;
- reviewing, periodically, Guardian's risk appetite and adherence to risk limits;
- reviewing, periodically, the Company's economic capital model;
- reviewing, on a quarterly basis, the activities of Guardian's Corporate Risk Management Committee ("CRMC"), considering risks that may affect our financial strength or financial ratings and the steps taken by management to manage these risks within acceptable tolerances;
- reviewing regulatory filings prepared by management, as required pursuant to New York State Department of Financial Services ("NYDFS") Regulation 203, and other applicable regulatory requirements, including applicable regulatory requirements relating to the Own Risk and Solvency Assessment ("ORSA");
- meeting separately, on a regular basis, with the Corporate Chief Risk Officer ("CRO") in executive sessions to discuss any matters that the A&R Committee or the CRO believes should be discussed privately. The CRO is expected to communicate with the Chair on any significant risk issues that arise between A&R Committee meetings, including issues raised by the CRMC;
- reviewing, periodically, the Company's Reserves (Statutory/GAAP);
- ensuring 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) ("MAR"). These responsibilities will include performing the following:
  - reviewing and discussing with management the following:
    - risk assessment of the financial reporting internal controls;
    - plans for internal controls over financial reporting, exceptions and results/conclusions; and
    - remediation plans for significant control gaps;
  - discussing the internal controls' strengths and weaknesses with management and, separately, with the internal and external auditors with no management present;
  - resolving any disagreements as they relate to internal controls between auditors and management;
  - holding management accountable for developing and executing against the remediation plan for significant or material control gaps; and
  - as a matter of industry best practice, periodically reviewing and approving Management's Report on Internal Control Over Statutory Financial Reporting for Guardian, and its subsidiaries, Berkshire Life Insurance Company of America and The Guardian Insurance and Annuity Company, required by the MAR;
- in addition to internal controls over financial reporting processes, considering the effectiveness of the Company's financial and operational controls;
- understanding the scope of internal and external auditors' review of internal controls for financial reporting and operational effectiveness and obtaining reports on significant findings and recommendations, together with management's responses;
- obtaining follow-up reports from management and the auditors to determine that recommendations have been implemented satisfactorily;
- reviewing with management and the CAE, the A&R Committee's Charter, plans, activities, staffing organizational structure and effectiveness of the Internal Audit function;
- in conjunction with the CEO, reviewing and concurring in the appointment, performance appraisal, replacement or dismissal of the CAE;
- on a regular basis, meeting separately with the CAE to discuss any matters that the Committee or the internal auditors believe should be discussed privately



and ensuring there are no unjustified restrictions or limitations on the Internal Audit Department's activities. The CAE is expected to communicate with the Chair on any significant internal audit issues that arise between A&R Committee meetings;

- reviewing the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit;
- approving appointment and fees of independent auditors;
- approving the Pre-Approval Policy for external audit firm services, which policy may delegate the approval authority to one or more members of the A&R Committee;
- reviewing the performance of the external auditors at least once annually, in accordance with the established measures approved by the A&R Committee and including a discussion of the performance of the external auditors with management and the internal auditors;
- exercising final approval of the appointment or discharge of the auditors, subject to ratification by the full Board;
- reviewing and confirming the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and Guardian, including non-audit services, and discussing the relationships with the auditors;
- on a regular basis, meeting separately with the external auditors, in executive sessions, to discuss any matters that the A&R Committee or auditors believe should be discussed privately. The external auditors are expected to communicate with the Chair on any significant external audit issues that arise between A&R Committee meetings;
- monitoring and periodically reviewing Guardian's overall performance record for compliance with the statutes and regulations enacted by its primary regulator, the NYSDFS, 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 noncompliance;
- reviewing the material findings of examinations by regulatory agencies and examiner observations;
- obtaining regular updates from management, the CCO and the GC regarding legal, privacy, compliance (including anti-money laundering ("AML")), compliance

culture and ethics matters that may have a material impact on Guardian's business, financial state or compliance policies, and receiving annual reports on litigation and fraud investigations;

- establishing, overseeing and reviewing procedures for the receipt, retention and treatment of complaints received by Guardian regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- meeting, on a regular basis, separately with the CCO and the GC, in executive sessions, to discuss any matters that the A&R Committee or the CCO or GC believes should be discussed privately. The CCO and the GC are expected to communicate with the Chair on any significant legal or compliance issues that arise between A&R Committee meetings;
- chairing the A&R Committee, or in the Chair's absence, having a member of the A&R Committee periodically report to the Board about the activities, issues, actions and recommendations of the A&R Committee or its subcommittees;
- reviewing any other reports Guardian issues that relate to A&R Committee responsibilities;
- performing other activities related to its Charter, as requested by the Board;
- instituting and overseeing special investigations, as needed; and
- confirming annually that all responsibilities outlined in its Charter have been carried out.

### **The Human Resources and Governance Committee**

The primary responsibilities of the HR&G Committee are (i) to identify, evaluate and recommend to the Board qualified individuals to become Board members consistent with criteria approved by the Board; (ii) to make recommendations with respect to the composition of the Board and its Committees; (iii) to recommend Director nominees for the next Annual Election of Directors; (iv) to make recommendations to the Board for evaluating the effectiveness of the Board's and Guardian's existing governance structure and reporting its findings and any suggestions for improvements to the Board for its consideration; (v) to evaluate and make recommendations to the Board

regarding the adoption of best practices appropriate for the governance of the affairs of the Board, its Standing Committees and Guardian; (vi) to discharge the Board's responsibilities relating to compensation and benefits of the CEO, Guardian officers who are designated as principal officers, and other senior officers, as appropriate, including responsibility for evaluating and reporting to the Board on matters concerning management performance, compensation and benefits, appointments, promotions and separations; (vii) to review and evaluate the components of officer compensation for consistency with Guardian compensation philosophy as in effect from time to time; and (viii) to provide oversight of Guardian's overall compensation plans and benefit programs for members of the Board and for Guardian employees.

The HR&G Committee also undertakes such other activities as are consistent with its Charter, Guardian's Charter, Bylaws and Corporate Governance Guidelines, and governing laws and regulations, and shall conduct itself in accordance therewith. The HR&G Committee's activities include, but are not limited to, the following:

- annual review and recommendation for approval of the Company's Charter, Bylaws and Corporate Governance Guidelines, including considerations with respect to:
  - composition of the Board, including its size and structure;
  - frequency of meetings;
  - Director retirement age;
  - definition of Director independence;
  - responsibilities of the Lead Director; and
  - process and procedures for Independent Directors' executive sessions;
- annual review of Board compliance with NYSDFS requirements for mutual insurance companies, including considerations with respect to:
  - citizenship/residency (a majority of all Directors shall be citizens and residents of the United States, and at least one shall reside in the State of New York);
  - Board size (not less than seven, not more than 20);
  - a staggered Board (maximum of three groups, as nearly equal in number as possible, with members of only one group elected annually);
- Guardian participating life insurance ownership (all Directors shall be Guardian members);
- officer-Directors (at least one principal officer shall be a Director);
- meeting attendance (the office of a Director shall immediately become vacant if either (x) a Director fails to attend at least one regular meeting of the Board in any period of 18 consecutive months or (y) unless excused by the Board and reflected in the minutes, in any calendar year a Director fails to attend at least one-half of the regular Board meetings held in that calendar year); and
- frequency of meetings and meeting location (at least four regular meetings per calendar year, one of which must be held in the State of New York);
- review and recommendation for approval of the nomination and selection of new Guardian Directors and the identification of appropriate Director retention criteria, including:
  - the nomination process for membership on the Board and for membership of any Independent Director of the Board on the board of directors of any Guardian subsidiary;
  - a candidate's education, experience, intelligence, independence, fairness, character, reasoning and judgment necessary to provide appropriate direction for Guardian and Guardian's management;
  - the relative strengths and experience of current Board members; and
  - the principles of diversity;
- annual review of the total remuneration of members of the Board and its Committees, including Chairs, to include a review of both compensation and benefits;
- review and recommendation for approval of the composition and structure of the Board Committees, Committee responsibilities, including Committee Charters, and Director assignments to the Board Committees, including Committee membership rotation practices;
- review and recommendation for approval of the compensation and benefits of the CEO, Guardian officers who are designated as principal officers and other senior officers, as appropriate, including reports to the Board regarding the HR&G Committee's:

- evaluation of the performance of the CEO, principal officers and, as it considers appropriate, other SVPs;
  - review and evaluation of the compensation, benefits and severance arrangements for such officers, provided that the Chair shall have the delegated authority to approve management recommendations regarding severance arrangements for any SVP;
  - review of appointments and promotions of employees to the level of SVP and above;
  - review and evaluation of the components of compensation and benefit plans for such officers for consistency with Guardian compensation philosophy, as in effect from time to time;
  - periodic review and evaluation with the CEO of Guardian’s succession plans relating to positions held by such officers, including the CEO; and
  - periodic review and evaluation of industry compensation practices and trends and other information, in order to assess the adequacy, effectiveness and competitiveness of Guardian’s compensation and benefit plans for the officer group;
- biennial review of the Company’s compensation and benefits philosophy and competitive practices for employees other than its senior officers;
  - review of the orientation and continuing education of new and existing members of the Board; and
  - review and recommendation for approval of the adequacy of the governance principles applicable to the Board and Guardian, including recommendations with respect to the evaluation of the effectiveness of the Board’s and Guardian’s existing governance structure, including, but not limited to, review and oversight of:
    - the Conflict of Interest Policy and Procedures;
    - the Code of Business Conduct and Ethics;
    - industry and other appropriate governance practices and trends and other information, in order to assess the adequacy and effectiveness of the Company’s governance practices;
    - the Charters and responsibilities of each of the Board’s Standing Committees; and



- an annual report prepared by the Company’s internal Human Resources Risk Committee.

### **The Product and Distribution Committee**

The primary purpose of the P&D Committee is to review and make recommendations to the Board regarding Guardian’s products, the distribution thereof, and proposed dividends to be paid, and to carry out any other responsibilities delegated to it by the Board.

The P&D Committee also undertakes such other activities as are consistent with its Charter, Guardian’s Charter, Bylaws and Corporate Governance Guidelines, and governing law and regulations, and shall conduct itself in accordance therewith. The P&D Committee’s activities include, but are not limited to, the following:

- reviewing the sales and premium results of the industry and Guardian’s key competitors;
- reviewing the sales and financial performance of Guardian’s products versus its strategic or financial plans;
- reviewing the competitive markets for new products, product objectives, target markets, features and financial implications;



- reviewing the applicability of competitive products and industry trends to Guardian's markets and strategy;
- reviewing Guardian's new product plans, i.e., target markets, objectives, features, sales and financial plans, and risks;
- reviewing the annual report prepared by Guardian's internal Product Development and Risk Committee;
- reviewing new product recommendations, specifically, vetting new products and making recommendations related thereto to the full Board for its consideration;
- monitoring the risks inherent in Guardian's products, sales of the Company's products and product portfolio that may have an effect upon Guardian's long-term financial strength or financial ratings and the plans to manage those risks within acceptable tolerances;
- reviewing, on an annual basis, changes in Guardian's programs for reinsurance in its product portfolio and the associated credit risks;
- reviewing Guardian's distribution strategy, including the role of outside distribution;
- reviewing the size and structure of Guardian's distribution, both internal and external;
- reviewing plans for increasing Guardian's distribution,

including the characteristics of desirable new distribution, General Agents, Field Representatives, Career Development Managers and outside distribution, and how to find, attract and retain them;

- reviewing sales results by distribution source;
- reviewing strategic investments and initiatives to support Guardian's business areas;
- reviewing the projected annual dividend; and
- reviewing periodic reports on strategic investments.

## The Board Delegates Certain Governance Matters to the CEO or Other Guardian Officers

The Board has delegated to the CEO, among other authority and responsibilities: (i) the authority to take all actions in the ordinary course of business pertaining to all employees at or below the level of Vice President, including, but not limited to, determinations of salary, hiring and termination decisions, and position responsibilities; (ii) the authority to make investments on behalf of Guardian, subject to approval and authorization by the Investment Committee, as required under New York law; and (iii) the authority to take other appropriate actions and to manage the day-to-day affairs of Guardian in the ordinary course of business. The Board has also delegated the authority indicated in item (ii) above to the CIO.

The CEO may further delegate responsibility to other Guardian officers and employees as she deems appropriate in her discretion.

The Board has established and periodically reviews a written delegation of authority to the CEO. The CEO may subdelegate to subordinate officers in accordance with that authority.

The Board values, and expects, complete candor from the CEO and other members of senior management. The Board will, from time to time, request information regarding material matters about which it expects to be fully informed.







# Policies and Practices of Guardian's Board of Directors and Its Standing Committees

## The Qualifications, Expertise and Experience of Each Board Member Meet Guardian's Needs

Guardian's Corporate Governance Guidelines set forth the desired attributes of Board members. We specifically look for the following qualifications when seeking nominees for Director positions:

- proven integrity and a record of substantial achievement;
- a high degree of leadership experience in a complex organization such as a corporation, university, foundation, professional organization or governmental unit;
- a reputation for sound business judgment;
- an understanding of the role of the Board and the workings of Guardian in the current business environment;
- the ability to objectively appraise management's plans, programs, achievements and shortcomings while working as part of a team in an environment of collegiality and trust;
- the financial expertise required to provide effective oversight of a large, diversified and heavily regulated financial services business; and
- a willingness to devote the necessary time to the work of the Board and the Standing Committees.

The Company's current Board is composed of members with broad and diverse experience and judgment who are committed to the best interests of our policyholders. Many of the current Directors have senior leadership experience at major domestic and international companies. In these positions, they have also gained experience in running the operations of large public and private corporations, strategic planning, accounting, private and public company financial reporting, asset management, technology and cybersecurity-related issues, compliance, risk management, leadership development and insurance industry-related matters. The majority of the Directors also have experience serving on boards and board committees of other private and public companies and philanthropic institutions and have an understanding of corporate governance practices and trends, different business processes, challenges and strategies.

Biographies for our current Directors are set forth on the following pages. We believe that Guardian's Directors have the education, experience, intelligence, independence, fairness, character, reasoning and judgment necessary to provide appropriate direction for Guardian and its management.



**John J. Brennan, *Director since 2011***

- Chairman Emeritus, Vanguard
- Chairman, Board of Trustees, University of Notre Dame
- Chairman, Vanguard Charitable Endowment Program
- Director, American Express Company
- Director, Rockefeller Capital Management



**Lloyd E. Campbell, *Director since 2006***

- Consultant, Spencer Stuart
- Former Senior Advisor, Rothschild Inc.
- Former Director, Argyle Securities Corporation
- Former Director, Spartech Corporation
- Former Director, Alderwoods Group
- Past Trustee, Georgetown University
- Special Advisor, Aurora Management Partners LLC



**Richard E. Cavanagh, *Director since 1998***

- Retired President and Chief Executive Officer, The Conference Board, Inc.
- Director and Independent Chairman, BlackRock Mutual Funds
- Director and Senior Advisor, Fremont Group
- Faculty Member, Harvard University
- Past National Chairman, Volunteers of America (2016-2018)
- Past Trustee and Chairman, Educational Testing Service (ETS) (1997-2009)



**Nancy E. Cooper, *Director since 2012***

- Director, Brunswick Corporation
- Director, The Mosaic Company
- Director, Aptiv PLC
- Former Chief Financial Officer and Executive Vice President, CA Technologies, Inc.
- Former Chief Financial Officer and Senior Vice President, IMS Health, Inc.
- Former Partner, General Atlantic
- Former Vice President, IBM



**Deborah L. Duncan, *Director since 2006 (Lead Director)***

- Senior Advisor, Member of the Board of Advisors, and Former Executive Vice President and Chief Financial Officer, Fremont Group, L.L.C.
- Director, Fremont Investors, Inc.
- Director and Secretary, PIX System, LLC
- Chair of the Board of Trustees, Smith College
- Director and Chair of the Investment Committee, S.D. Bechtel, Jr. Foundation



**William C. Freda, *Director since 2014***

- Retired Senior Partner and Vice Chairman, Deloitte LLP
- Former Chairman, Global Insurance Committee, Deloitte Touche, Tohmatsu Limited
- Former Managing Partner, U. S. Financial Services Industry Practice, Deloitte LLP
- Chairman, Hamilton Insurance Group
- Director, State Street Corporation
- Trustee, Bentley University
- Former Director, Deloitte Touche Tohmatsu Limited
- Former Chairman, American Institute of Certified Public Accountants (AICPA) Insurance Companies Committee
- Former Chairman, AICPA's Mutual Life Insurance Task Force
- Former U.S. representative for the International Accounting Standards Committee's Insurance Steering Committee
- Former Chairman, Board of Trustees, Catholic Community Services
- Former Chairman, Board of Trustees, United Way of Essex and West Hudson



**Christopher T. Jenny, *Director since 2017***

- Director, CBRE Group, Inc.
- Director, Mobile Virtual Player
- Director, PLT4M
- Chairman, Jennus Innovation
- Trustee, New England Baptist Hospital
- Former President & Senior Partner, The Parthenon Group
- Former Partner, Bain & Company



**Deanna M. Mulligan, *Director since 2011***

- President and Chief Executive Officer, Guardian
- Director, The Vanguard Group, Inc.
- Trustee, Vanguard Funds
- Director and Former Chair, American Council of Life Insurers (ACLI)
- Director, Partnership for New York City
- Trustee, The Economic Club of New York
- Member, Department of Financial Services State Insurance Advisory Board
- Member, Stanford Graduate School of Business Advisory Council
- Director, Committee Encouraging Corporate Philanthropy (CECP)
- Trustee, Bruce Museum
- Former Member, President's Advisory Council on Financial Capability for Young Americans
- Former Trustee, RS Investment Trust and RS Variable Products Trust
- Former Director, Arch Capital Group Ltd. (ACGL)
- Former President, DMM Management Solutions, LLC
- Former Senior Vice President, Life and Annuity, New York Life Insurance Company
- Former Executive Vice President, Market & Product Development Group, AXA Financial
- Former Principal, McKinsey & Company





**Gary A. Norcross, *Director since 2017***

- Chairman, President and CEO, FIS
- Director, Capco
- Member of the Dean's Executive Advisory Board of the Sam M. Walton School of Business, University of Arkansas
- Director, YMCA of Florida's First Coast
- Director, KIPP Jacksonville Schools
- Director, Zenmonics, Inc.



**Karen B. Peetz, *Director since 2019***

- Director, Ingersoll-Rand plc
- Director, Johns Hopkins University
- Director, Global Lyme Alliance
- Former President, Bank of New York Mellon
- Former Senior Vice President, JPMorgan Chase
- Former Board Chair, United Way New York City
- Former Board Chair, Pennsylvania State University



**Vivek Sankaran, *Director since 2018***

- President and Chief Executive Officer, Albertsons Companies, Inc.
- Director, Safe Water Network
- Director, Dallas Regional Chamber
- Director, Grocery Manufacturers Association
- Former Chief Executive Officer, Frito-Lay North America
- Former Partner, McKinsey & Company





	Human Resources and Governance	Audit and Risk	Investment	Product and Distribution	Executive
John J. Brennan	X (C)	X			X
Lloyd E. Campbell			X(C)	X	X
Richard E. Cavanagh			X	X(C)	X
Nancy E. Cooper	X	X(C)			X
Deborah L. Duncan	X	X			X(L/C)
William C. Freda		X		X	
Christopher T. Jenny			X	X	
Gary A. Norcross	X		X		
Karen B. Peetz		X		X	
Vivek Sankaran	X		X		

Key: X = Member; C = Chairman; L = Lead Director

We believe that the combination of the various qualifications, skills and experiences of each Director contributes to an effective and well-functioning Board and that, individually and as a whole, the Directors possess the necessary qualifications to provide effective oversight of Guardian's business and quality advice and counsel to Guardian management.



## Guardian Maintains an Appropriate Amount of Independence on its Board and its Significant Committees

Effective boards of directors exercise independent judgment in carrying out their responsibilities. Therefore, in order to maintain the independence of the Board from Guardian management, not less than two-thirds of the total membership of the Board must be composed of Independent Directors and all of the members of the Standing Committees must be Independent Directors. Moreover, no Director who is a former Guardian officer is eligible to serve at any time as Chair of the A&R Committee, the HR&G Committee or the Investment Committee. In addition, the Board must affirmatively determine that a Director has no material relationship with the Company, in accordance with our Company's Corporate Governance Guidelines. We believe that requiring a majority of Independent Directors increases the quality of board oversight and lessens the possibility of conflicts of interest. The aforementioned requirements, as well as the Company's Director independence standard, which is consistent with the New York Stock Exchange Independence Tests, are set forth in the Corporate Governance Guidelines, Bylaws and published as a separate document entitled "Definition of Director Independence" on the Company's website ([www.guardianlife.com](http://www.guardianlife.com)) under "About Guardian" — "Corporate Governance."

## Frequency of 2018 Meetings and Director Attendance

Regular attendance at Board meetings is required of each Director. The Board held five meetings during 2018. The Standing Committees cumulatively held 22 meetings (including special meetings) during 2018. During 2018, no Director attended less than 75% of the total number of Board and applicable Committee meetings (held during the period that such Director served).

## Nomination and Election Process

The HR&G Committee Charter sets forth the Director nomination, selection and retention criteria. The HR&G Committee makes recommendations to the Board for nominations for membership on the Board and for membership of any Independent Director of the Board on the boards of Guardian's subsidiaries. Additionally, the HR&G Committee considers recommendations for potential director candidates that are proposed by Guardian's current Directors, stakeholders with the right to vote, the CEO and other members of senior management and may engage a third-party search firm. The HR&G Committee also considers diversity and such other factors as they deem appropriate, given the current needs of the Board when recommending candidates. When evaluating potential director candidates that are recommended by the HR&G Committee, the Board is particularly focused on identifying individuals whose skills and experiences will enable them to make meaningful contributions to the shaping of Guardian's business strategy, and who will bring diverse and balanced perspectives to the boardroom and effectively represent the long-term interests of Guardian's policyholders.

As discussed above, Guardian has a staggered Board divided into three classes, and the term for each Director is three years. At the end of each three-year term, the HR&G Committee determines whether a particular Director should be recommended by the HR&G Committee for nomination for re-election to the Board. The Board then votes to determine whether to nominate the Director for re-election. The Company's 2019 Annual Election of Directors will be held on Wednesday, December 11, 2019. Policyholders whose policies or contracts are in force on the date of election and have been in force at least one year prior thereto are entitled to vote in person, by proxy or by mail. Each policyholder is



entitled to one vote. The candidates, if elected, will serve three-year terms commencing January 1, 2020.

## Mandatory Retirement

Directors may stand for re-election, unless they have reached the age of 75 as of the date of the Annual Election, and must retire from service on the Board at the end of the calendar year in which they reach the age of 75, even if their term has not expired. Directors who were Guardian officers at the time of their election or re-election must resign as members of the Board simultaneously when they cease to be Guardian officers. Further, a Director may not serve as Lead Director or as Chair of a Standing Committee during the last year of Board service prior to retirement upon attaining the age of 75. The Board does not believe it is appropriate to limit the number of terms for which an individual may serve as a Director.

## Consideration of Diversity

As discussed above, the HR&G Committee considers diversity when recommending candidates for the Board. This includes diversity of race, ethnicity, gender, age, cultural background and professional experience. We believe that the Board is cognitively diverse and that a variety of viewpoints contributes to a more effective decision-making process and ultimately to better outcomes for policyholders.





## Policies and Practices for Guardian's Senior Management

### Guardian Has Processes and Practices to Ensure that Officers and Key Persons in Control Functions Have the Appropriate Background, Experience and Integrity to Fulfill Their Prospective Roles

The Company's management team encompasses a diverse array of experience, forming a collective skill set that allows Guardian to thrive in all aspects of its business. Guiding Guardian's force of more than 9,500 employees and financial representatives, management enables the firm to prosper by staying at the forefront of the evolving marketplace. An important distinction to note is that the role of a board of directors is to oversee management (direction setting, oversight and control) and not to run or manage a company. The officers of a company are charged with running a company on a day-to-day basis and can employ outside experts as needed. At Guardian, we believe that people count and that all employees are critical to achieving our goals. When hiring employees, we conduct a very thorough interview process, which includes a background check and a drug screening test. Additionally, applicable professional licenses are maintained by Guardian employees as required. Our Executive Leadership Team ensures our Company continues to be financially strong and builds for future growth, while remaining true to the time-tested values that have guided everything we do. The full biographies of each member of the Company's Executive Leadership Team follow.



**Marc M. Costantini** has been the Executive Vice President, Commercial and Government Markets (f/k/a Group and Worksite Markets) of Guardian since 2017. From 2014 to 2017, he led the financial, risk, actuarial, and internal audit functions as the Executive Vice President and Chief Financial Officer of Guardian. Prior to joining Guardian, he held several senior management positions with Manulife Financial Corporation ("Manulife") and John Hancock Life Insurance Company ("John Hancock"), including Executive Vice President, Corporate Development and Strategy, for Manulife from 2012 to 2014, Executive Vice President, Strategic Initiatives, for John Hancock from 2011 to 2012, President, Annuities, for John Hancock from 2007 to 2011 and Chief Financial Officer for John Hancock from 2005 to 2007.



**Eric R. Dinallo** has been the Executive Vice President, Chief Legal Counsel of Guardian since December 2017. Prior to joining Guardian, he was a Partner and Co-Head of the Insurance Group and Member of the White Collar and Regulatory Defense Group of the law firm of Debevoise & Plimpton LLP, from 2010 to 2017, where he represented financial services firms, including Guardian, on issues related to regulation, compliance, litigation and transactions. His prior experience also includes senior-level leadership positions as Superintendent of Insurance for New York State, Global Head of Regulatory Affairs at Morgan Stanley and General Counsel at Willis Holdings. Mr. Dinallo also serves as an Adjunct Professor of Business and Society at New York University Stern School of Business since 2009.



**Dean Del Vecchio** has been the Executive Vice President, Chief of Operations and Chief Information Officer of Guardian since March 2019. From 2016 to 2019, he was the Executive Vice President, Chief Information Officer & Head of Enterprise Shared Services of Guardian. He was the Senior Vice President, Chief Information Officer at Guardian from 2013 to 2016. Prior to joining Guardian, Mr. Del Vecchio was the Senior Vice President, Chief Information Officer and Head of IT Shared Services at News Corp. Dow Jones, from 2005 to 2013.



**Michael N. Ferik** has been the Executive Vice President and Chief Financial Officer of Guardian since 2017. From 2014 to 2017, he was the Executive Vice President, Individual Markets, at Guardian. From 2009 to 2014, he was the Senior Vice President of Individual Life at Guardian. Formerly, he held a senior management position with AXA Equitable, Life Products and Annuities, and an engagement management position with McKinsey & Company. Mr. Ferik also held a Vice President & Actuary position with Manulife (Singapore).





**Andrew J. McMahon** has been the Executive Vice President, Individual Markets, Enterprise Strategy and Customer Development of Guardian since March 2019. From 2017 to 2019, he was the Executive Vice President, Strategy & Customer Development. Prior to joining Guardian, Mr. McMahon was the Chief Executive Officer and Founder of Vitae Advisors, LLC from 2014 to 2017, and he served in multiple roles at AXA Financial from 2005 to 2014, including Head of the Strategic Initiatives Group, Chairman/COO of AXA Advisors, and, ultimately, as the President of AXA Financial.



**Brian Scanlon**, has been the Executive Vice President of Business Development and Chief Marketing officer of Guardian since July 2019. Prior to joining Guardian, he was the Chief Strategy Officer at The Thomson Reuters Corporation from 2014 to 2019. From 1999 to 2014, Mr. Scanlon worked at McKinsey & Company, most recently as a Partner from 2006 to 2014.



**Diana L. Scott** has been the Executive Vice President and Chief Human Resources Officer of Guardian since September 2018. Prior to joining Guardian, she was the Chief Human Resources Officer for Prologis, Inc. from 2013 to 2018. Ms. Scott spent 14 years at John Hancock Financial, the U.S. division of Toronto-based Manulife Financial Corporation, where she held a variety of management positions, including serving as Senior Vice President of Human Resources from 2007 to 2013. Prior to that, she held the positions of General Manager of the John Hancock Freedom 529 college savings plan and General Manager of the Group Insurance Division. Prior to John Hancock Financial, she was the Managing Director of Ingalls One to One Marketing and the Managing Director of EMI Strategic Marketing.



**Thomas G. Sorell**, CFA, has been the Executive Vice President and Chief Investment Officer of Guardian and other Guardian subsidiaries since 2003. Previously, Mr. Sorell was a Senior Managing Director, Head of Guardian's Fixed Income Department, and Co-Portfolio Manager of a number of Guardian-sponsored fixed income funds.

## Guardian's Code of Business Conduct and Ethics

Guardian has adopted a Code of Business Conduct and Ethics (the "Code") that applies to members of the Board, all employees, vendors, independent contractors, consultants and employees of the Company's India-based subsidiary, Guardian India. The compliance and ethics policies and the Code are part of Guardian's overall compliance and ethics program, designed to deter wrongdoing and to promote (1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; (2) full, fair, accurate, timely and understandable disclosure in public communications, including financial statements; and (3) compliance with applicable laws and regulations. All individuals subject to the Company's policies are required to certify, when joining Guardian, and annually thereafter, that they continue to understand, agree and comply with the Code's provisions. The Code is periodically reviewed and approved by the Board, as necessary.



Guardian has a strong commitment to conducting business in a lawful and ethical manner. The Board expects all Directors, officers and employees and others covered by the Code to act ethically at all times and to adhere to Guardian's established rules, standards and guidelines pertaining to ethics. Individuals who become aware of or suspect a possible violation of laws, rules, regulations or the Code should report their concerns immediately to their supervisor or manager. If the appropriate supervisor or manager cannot be reached or if it is suspected that an individual's supervisor or manager is involved in the potentially improper, illegal, fraudulent or unethical behavior, Guardian's Ethics Hotline ("EthicsPoint") should be contacted.

EthicsPoint is Guardian's third-party vendor, available 24/7 to facilitate the reporting of any actual or suspected improper, unethical, illegal or fraudulent behavior impacting Guardian's financial and business operations. EthicsPoint provides both a dedicated, secure website and a toll-free number for receiving reports on an anonymous basis from employees.

## Guardian Has Processes for Performance Evaluation, Compensation and Corrective Action to Ensure Effective Senior Management throughout Our Organization

Career development and performance management are critical for the Company's employees. We believe that rewarding and retaining our top talent is essential to the Company's success. Performance management is a year-round process at Guardian, and Guardian's employees receive regular feedback and coaching from their managers. At least once per year, employees and managers formally document and discuss progress in a performance review.

Guardian's commitment to talent development also includes providing market-competitive compensation programs that enable us to attract and retain highly talented individuals with pay linked to the achievement of short- and long-term performance goals that assist us in being financially strong for the long-term benefit of our policyholders.

An employee's total compensation consists of base salary, in some cases short- and long-term incentives, and other rewards and recognition. Guardian always seeks to pay employees fairly and competitively, and we benchmark pay to the marketplace to help us attract and retain the best talent. Guardian's rewards programs are carefully designed to provide the Company's highest-performing employees with the opportunity to earn the highest rewards. Total compensation is composed of different elements that fulfill distinct purposes:

- Base pay: to compensate employees for day-to-day contributions and level of expertise.
- Short-term incentives: aligned with the annual business strategy, to motivate employees to produce great business results, and reward employees for achievements contributing to business results in the previous year.
- Long-term incentives: to retain key employees to ensure our success in the long term.
- Rewards and recognition: to reward employees for individual and/or group achievements throughout the year.

Guardian reviews its compensation plans year-round. Changes to pay and incentives can happen at any time, but the Company traditionally commits to reviewing total compensation at the end of each year.

## The Board's Role in Overseeing Management Compensation Programs and Practices

The Board believes that talent development is vital to Guardian's continued success. The HR&G Committee makes recommendations to the Board for the election, promotion and compensation of senior management as well as management development, depth, performance and succession. Key components of the HR&G Committee's responsibilities are (i) discharging the Board's responsibilities relating to compensation and benefits of the CEO, officers who are designated as principal officers, and other senior officers, as appropriate, including responsibility for evaluating and reporting to the Board on matters concerning management performance, compensation and benefits, appointments, promotions and separations; (ii) reviewing and evaluating the components of

**“The Board believes that talent development is vital to Guardian's continued success.”**

officer compensation for consistency with Guardian's compensation philosophy as in effect from time to time; and (iii) providing oversight of Guardian's overall compensation plans and benefit programs for members of the Board and for all employees. The HR&G Committee also retains the services of an independent compensation consultant.

The HR&G Committee and the Independent Directors determine the compensation of the CEO without management input. Further, the HR&G Committee meets with the CEO at the end of each year to agree upon her performance objectives for the coming year. At the beginning of each year, the CEO provides the HR&G Committee with a self-assessment based on her achievement of the agreed-upon objectives for the prior year and other leadership accomplishments. This self-assessment, in addition to Guardian's performance, is used by the HR&G Committee in determining the CEO's compensation. The HR&G Committee solicits input from the CEO to obtain her evaluation of the performance and her recommendation in determining pay for the other executive officers. No executive officer is present when his or her compensation is discussed by the HR&G Committee or the Board.

## Various Elements of Compensation Awarded in Guardian's Compensation Programs

Total compensation for all Guardian officers and certain other employees has a fixed portion and a variable portion. Base salary represents the fixed portion of an employee's compensation and is reviewed annually

against external industry and market-based data obtained through the purchase of compensation surveys.

Bonuses represent the variable portion of an employee's compensation and include both short-term and long-term bonus programs. Individual bonus targets are set and reviewed annually against market data obtained through the purchase of industry and market-based compensation surveys. Short-term bonus payments are determined based on the employee's target amount as a starting point, which may be increased or decreased based on individual and company performance. The Company's Long-Term Incentive Plan is a cash-based incentive plan. Actual long-term awards, which have a three-year vesting, are based upon grants that are made at the beginning of each three-year cycle. The Board reviews and approves the Company's objectives and final performance against those metrics. Cash grants made at the beginning of the cycle are adjusted based on the Company's performance and paid out at the completion of the three-year cycle.

**“The Board has a robust year-round succession planning process.”**

## **Guardian's Compensation Programs Are Related to Both Guardian Performance and Individual Performance**

Short-term awards are determined based on performance ratings and payout guideline ranges relating to individual and Guardian performance. Managers apply discretion in selecting the award multiplier within the guidelines for each rating, which is then applied to the employee's target award. The aggregate of all bonus payments may not exceed the overall Guardian performance-funded award pool, which is approved by the Board.

Long-term awards, which have a three-year vesting, are based upon grants that are made at the beginning of each three-year cycle. Individual performance, outside of achievement toward plan metrics, does not have a direct effect on the final payment, as the grant is affixed before personal achievement is measured.

No member of the Executive Leadership Team has an employment contract or separation agreement. Consistent with our approach of rewarding performance, employment is not guaranteed, and either Guardian or the executive in question may terminate the employment relationship at any time.

## **Guardian Monitors Its Compensation Policies to Determine Whether Guardian's Risk Management Objectives Are Met**

Guardian's Independent Directors are not participants in the Company's compensation plans. They review the incentive plan metrics, weightings and ranges, as well as approve the pay-outs. Officers at the SVP or higher level have their compensation reviewed and approved individually. Guardian's Long-Term Incentive Plan ensures that rewards are tied to multiple-year performance. The mutual insurance company structure itself offers protection against encouragement of excessive risk-taking because of the absence of short-term share price consideration.

## **Plans for CEO and Senior Management Succession**

The Board has a robust year-round succession planning process. The Board's involvement in leadership development and succession planning is systematic and ongoing, and the Board provides input on important decisions in each of these areas. In particular, the HR&G Committee conducts a periodic review and evaluation with the CEO of Guardian's succession plans relating to key members of management, including the CEO. The Board regularly reviews and approves the succession plans related to key members of management and the CEO, and Board members meet regularly in both small-group and one-on-one settings with our senior executives as part of the process of assessing their potential to succeed to the CEO position.



# Guardian's Board of Directors, Its Standing Committees and Senior Management ensure an appropriate amount of oversight of the critical risk areas impacting Guardian's business activities



## Delegation of Risk Management and Governance Oversight

Responsibility for enterprise risk management ("ERM") resides at all levels within Guardian, from the Board, CEO, CFO, and CRO down through the organization to each officer and employee. Guardian distributes these responsibilities to align its risk management philosophy, compliance and management with its span of control. Responsibility for effective monitoring and challenging of delegated risk management activities resides with executive leadership and its risk committees, and, ultimately, the Board, supported by its risk committees. Further, while they have no responsibility for ERM, Guardian's regulators, external auditor and ratings agencies provide useful information about the effectiveness of risk management to the Board and to the Executive Leadership Team.

The following are key organizations in Guardian's ERM governance structure and a summary of their risk management roles. Each organization has a charter that defines its full function and responsibilities.

## Risk Oversight by the Board

The Board is responsible for ensuring that Guardian's business strategy and capital management are supported by executive leadership's ERM process and the assurance

functions. The Board exercises significant oversight to obtain reasonable assurance that:

- ERM processes are operating as designed;
- there is a risk-aware culture throughout Guardian; and
- the most significant risks that impact Guardian's strategy are monitored.

The Board reviews Guardian's risk appetite, which is the level of risk Guardian chooses to accept in pursuit of its business strategy.

Consistent with New York Business Corporation Law, NYIL requirements and NYSDFS guidance, while the Board exercises ultimate oversight over Guardian's management, it has adopted Standing Committee Charters that delegate oversight to each of the Investment, P&D, HR&G and A&R Committees of key risks that are fundamental to how Guardian's business is managed. The Board receives reports from these Standing Committees at each regular Board meeting.

The following summarizes the risk oversight responsibilities of each of the Standing Committees.

For information about the Board and its Standing Committees' Charters and the Directors' relevant business, professional and risk management experience, see prior sections above.

### **Audit and Risk Committee**

The A&R Committee is responsible for monitoring all ERM processes, assurance functions and all enterprise risks, including risks where primary oversight is delegated to the P&D and Investment Committees. Regular meeting agenda items include report-outs specific to risk management policies and the status of key risks from the CFO and the CRO, particularly the activities of executive leadership's CRMC, business and functional area leadership, the assurance functions, cybersecurity and external audit. Further, the A&R Committee oversees Guardian's ERM policies, changes in risk profile and management of the most significant risk exposures.

The A&R Committee regularly reports to the Board to ensure the Board has an adequate understanding and oversight of Guardian's risk policies, risk profile and risk portfolio to support the Board's decision making.

### **Human Resources and Governance Committee**

Given the incentives created by compensation, the HR&G Committee is responsible for ensuring that compensation programs do not contribute to excessive risk taking or risk avoidance. Further, the HR&G Committee recommends Board members and appointments, assesses the Board's and Guardian's governance structure, evaluates Board and executive leadership's performance, and considers executive leadership succession plans.

### **Investment Committee**

The Investment Committee has general control and supervision over the \$53.1 billion of invested assets, at December 31, 2018, held by Guardian's consolidated General Account and reviews investment activities and results of Guardian's subsidiaries and funds managed by Guardian. Subsidiaries are governed and supervised by their respective boards. The Investment Committee is also responsible for oversight of Guardian's DUP.

### **Product and Distribution Committee**

The P&D Committee reviews and makes recommendations to the Board relating to Guardian's products and distribution, reinsurance programs and the proposed policyholder dividends to be paid.

### **Risk Management by Guardian's Corporate Risk Management Committee**

The CRMC is responsible for setting ERM policies and practices, promoting a risk-aware culture, establishing a

'top-down' view of risk, evaluating the risk management process (i.e., identify, assess and respond, report, and monitor and challenge) for significant risks, aggregating risks to create a portfolio view of risk, assessing the adequacy of risk management at the enterprise level, and evaluating the risks facing Guardian against its risk appetite, strategic plans and capital management.

The CRMC has delegated responsibility for primary risk oversight for compliance, investments, product development, operational, information technology, human resources and business area risks to various other management committees (discussed below). Each of these committees has cross-functional representation to enhance its risk oversight. The CRMC is chaired by the CRO. The CRMC meets monthly and reports its activities to the A&R Committee of the Board quarterly.

### **Product Development and Risk Committee**

The Product Development and Risk Committee is responsible for managing Guardian's product risk through product design, development, pricing rates, assumptions and sales limits, where necessary, across all lines of business, and for identifying future risks associated with both active and discontinued products. Further, the Product Development and Risk Committee monitors the risk management process for significant product risks and evaluates product risk in the context of Guardian's risk appetite. The Product Development and Risk Committee is chaired by the Corporate Chief Actuary. The Product Development and Risk Committee meets monthly, or as required by the product development plans, and regularly reports its activities to the CRMC and the P&D Committee of the Board.

### **Investments Department Risk Committee**

The Investments Department Risk Committee manages all aspects of Guardian's investment risk management strategies designed to maintain financial strength and ratings, liquidity, and a competitive dividend. The Investments Department Risk Committee monitors the risk management processes to identify market, credit, liquidity, operational, emerging and other investment risks for portfolios spanning multi-asset classes in alignment with Guardian's liability and risk appetite. The Investment Department Risk Committee is chaired by the Investments Chief Risk Officer. The Investments Department Risk Committee meets monthly and regularly reports its activities to the CRMC and to the Investment Committee of the Board.

### **Operational Risk Management Committee**

The Operational Risk Management Committee provides independent oversight, monitoring and control of operational risks across the enterprise; escalates material operational risk issues; and recommends certain operational risk management changes and documents for approval. The Operational Risk Management Committee is chaired by the Head of Operational Risk Management. The Operational Risk Management Committee meets monthly and regularly reports its activities to the CRMC.

### **Compliance Risk Committee**

The Compliance Risk Committee identifies and proactively addresses emerging compliance issues and monitors activities across the enterprise to correct issues and prevent recurrence. The Compliance Risk Committee is chaired by the Chief Ethics and Corporate Compliance Officer. The Compliance Risk Committee meets monthly, or more frequently as needed, and regularly reports its activities to the CRMC.

### **Commercial and Government Markets ("CGM") Risk Committee**

The CGM Risk Committee provides oversight, monitors, and manages operational, compliance, regulatory and financial control risks; escalates material risk and control issues; and recommends certain risk management changes and documents for approval across the CGM business. The CGM Risk Committee is chaired by the CGM Head of Operational Risk. The CGM Risk Committee meets monthly and regularly reports its activities to the CRMC.

### **Individual Markets ("IM") Risk Committee**

The IM Risk Committee provides oversight, monitors, and manages operational, compliance, regulatory and financial control risks; escalates material risk and control issues; and recommends certain risk management changes and documents for approval across the IM business. The IM Risk Committee is chaired by the IM Chief Financial Officer. The IM Risk Committee meets monthly and regularly reports its activities to the CRMC.

### **Group Product & Underwriting Risk Committee**

The Group Product & Underwriting Risk Committee monitors and identifies insurance risks that impact the financial results of Guardian's Core Group business. The

Group Product & Underwriting Committee escalates material actuarial and underwriting risk issues, identifies additional areas of analysis, and recommends potential action items. The Group Product & Underwriting Risk Committee is chaired by the Group Chief Actuary. The Group Product & Underwriting Risk Committee meets monthly and regularly reports its activities to the CRMC.

### **Model Governance Committee**

The Model Governance Committee sets policies, provides an independent review of model validation and provides oversight of model implementation, change and use. The Model Governance Committee is chaired by the Actuary, Corporate Actuarial. The Model Governance Committee meets bi-monthly, or more frequently as needed, reporting its activities to the CRMC.

### **IT and Shared Services Risk Committee**

The IT and Shared Services Risk Committee ensures that IT and Shared Services risks, including operational, vendor, personnel, technology and reputational risks, are appropriately identified, assigned and prioritized. Then, as appropriate and agreed to, mitigation (or risk acceptance) plans are developed and implemented. The IT and Shared Services Risk Committee is chaired by the Chief Information Security Officer. The IT and Shared Services Risk Committee meets monthly and regularly reports its activities to the CRMC.

### **Human Resources Risk Committee**

The Human Resources Risk Committee focuses on the identification, measurement and mitigation of risks associated with HR functions. This includes enhancing people, processes and systems associated with the attraction, development and retention of employees, and the administration of compensation and benefit programs for home office employees and field organizations, as well as compliance with related regulatory matters and laws. The Human Resources Risk Committee is chaired by the Chief Human Resources Officer. The Human Resources Risk Committee meets monthly and reports directly to the CRMC.

### **Guardian India Operational Risk Committee**

The Guardian India Operational Risk Committee provides independent oversight, monitoring and control of operational risks in Guardian India; escalates material operational risk issues; and recommends certain

operational risk management changes and documents for approval. The Guardian India Operational Risk Committee is chaired by the Vice President of Risk and Compliance. The Guardian India Operational Risk Committee meets bi-monthly and reports directly to the CRMC.

Assurance Functions

Internal Audit is an independent, objective function that provides various services to evaluate and improve Guardian’s operations and internal control environment. Annually, it evaluates and provides a formal opinion on the internal control environment. Further, Internal Audit attends various risk management committee meetings and provides observations regarding opportunities to improve effectiveness. The A&R Committee of the Board approves Internal Audit’s plans and resources, reviews its reports, and evaluates its effectiveness.

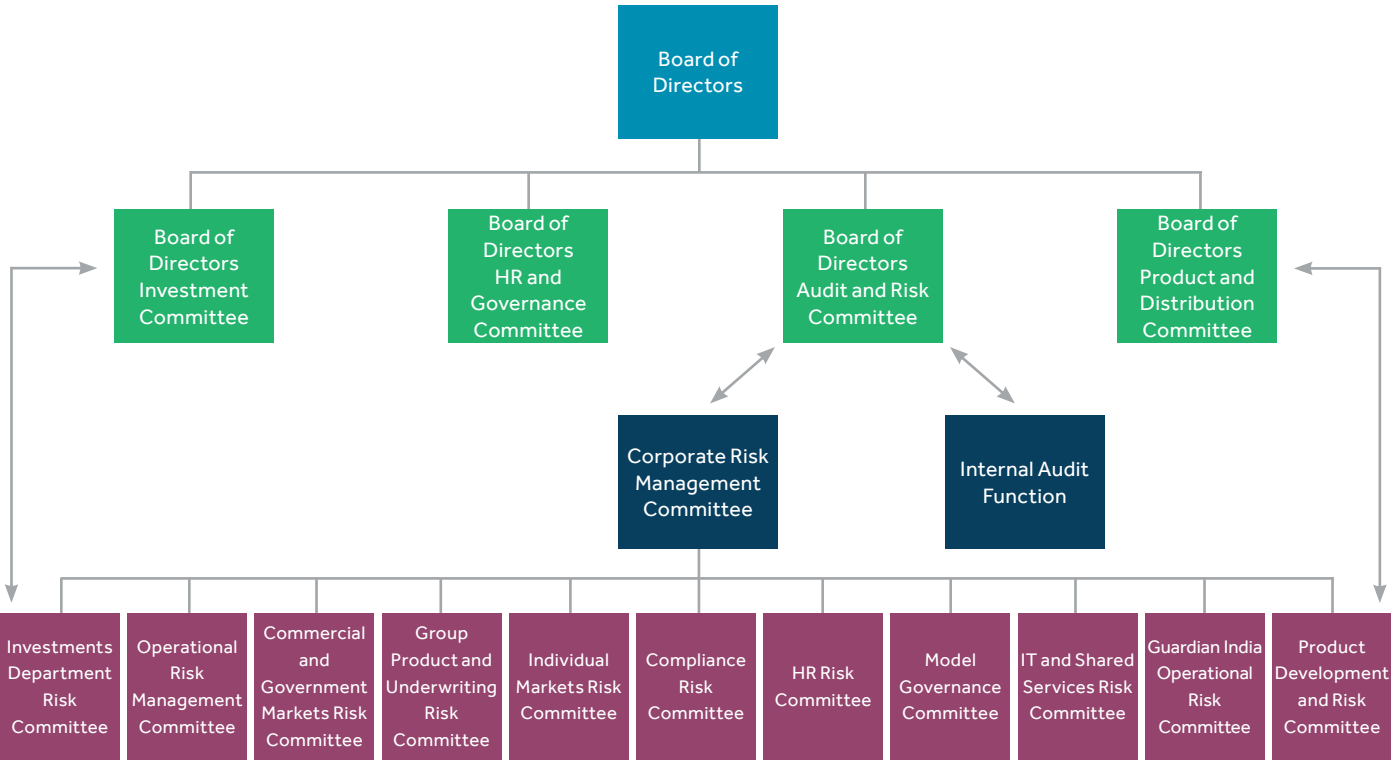
Financial Controls evaluates internal control over statutory financial reporting and prepares management’s annual report in accordance with the MAR. The report is discussed with executive leadership and the A&R

Committee of the Board, signed by the CEO and CFO, and filed with the applicable insurance commissioners.

Legal and Compliance identifies and proactively addresses emerging compliance and legal issues and monitors activities across the business and functional areas to correct issues and prevent the recurrence of such issues. The Corporate CCO provides assessments to the Board of the effectiveness of Guardian’s compliance function.

Operational Risk Management evaluates whether the overall operational risk management framework and activities are aligned and implemented within each business and functional area. Its programs enable Guardian to manage a broad range of operational risks, including cybersecurity risk, which has become a permanent business operational risk. The CRO provides updates to the A&R Committee of the Board.

Please see the Enterprise Risk Governance Chart below, which illustrates the information flow from management committees to the Board and Standing Committees.





# Corporate Social Responsibility

Our mission, both internal and external has always been grounded in purpose – solving real problems for real people whether that is connected to our customers, employees, environment or the communities where we live and work. Guardian's Corporate Social Responsibility work invests in national and local social organizations focusing their work on access to oral health services for underserved communities, financial capability development and workforce preparation and readiness. In 2018; Guardian invested more than \$5 million in programs that have helped children, the elderly and medically fragile individuals access needed dental services; prepared college students and underserved youth with job training, skill development and experiential learning events focused on preparing them for the future of work and invested in financial capability programs to help college students persist and complete their education while planning for their life goals and financial futures.

## Diversity & Inclusion

Guardian believes that diversity of thought, background and experience is essential, and we are pursuing greater inclusion in all aspects of our business. Our CEO Deanna Mulligan was one of the first CEOs to sign up for the CEO Action for Diversity and Inclusion in 2017. Spearheaded by our Head of Diversity & Inclusion, employees are given inclusion training and opportunities to participate in employee resource groups. To support diversity and inclusion in our home offices, Guardian has four employee resource groups (the Women's Leadership Network, the Pride Network, the BOLT (Building Our Leaders of Tomorrow) Network and the Black Employee Inclusion Network) in addition to continuing to grow our female leadership pipeline through programs like our Emerging Leadership Development Program and our partnership with WOMEN Unlimited. To help support our managers, Guardian launched a new unconscious bias workshop for managers in 2019. Furthermore, Guardian launched a number of LGBTQA initiatives that resulted in Guardian achieving a perfect score of 100 on the Human Rights Campaign Corporate Equality Index. To support the diversity of our field force, Guardian revamped our talent acquisition materials to reflect the gender, ethnic and

generational diversity we seek to cultivate within agency distribution. To support the professional growth of our current financial representatives and leaders, we host an annual Women's Leadership Summit, which incorporates content that speaks to the benefits of diversity in our leadership development programs. To support the next generation of diverse leaders, we formed partnerships with organizations such as Girls Who Code. Furthermore, we have been acknowledged externally by 2020 Women on Boards for the diversity of our Board. We have also expanded our Supplier Diversity Program by growing both our diverse supplier base by 30% since 2012 and total diverse spend by more than \$43.5 million.

## Environmental Sustainability

We focus our sustainability efforts on environmental stewardship, driven by both the priorities of our businesses and the commitment of our employees. Over the past three years alone, we have made significant



strides in lowering the environmental impact of our own facilities and business practices. Both our Bethlehem, Pennsylvania and Holmdel, New Jersey campuses achieved Leadership in Energy and Environmental Design (LEED) GOLD certifications in 2018. These LEED buildings reduce water use by approximately 40 to 45 percent and overall lighting power by more than 20 to 25 percent. During the construction phase of the Holmdel, New Jersey campus in 2018, 75 percent of the total construction and demolition material generated

during the project was recycled. We continue to expand our sustainability efforts at the Holmdel campus by eliminating paper products from the pantries and cafeteria. Our new Home Office located at Hudson Yards in New York City was also built to LEED standards. All of our Data Center components have been migrated to the cloud or to a colocation facility and the Data Center has been shut down. This has resulted in significant reduction in power consumption. The enterprise-wide managed print program continues to reduce both print and associated power consumption. Managed print programs have reduced total print volumes by approximately 36 percent. The reduction of physical mail due to the utilization of digitization technology has resulted in the reduction of fuel consumption and vehicle emissions from mail services. We have also recycled 5.1 million pounds of paper since 2014 through the confidential shred bin program provided by Iron Mountain.

Since 2017, over 2,000 employees have subscribed to the **Guardian on the Go** mobile working program which allows them to work in any location where they can best serve our customers, reducing their commute times and resulting in a positive impact on the environment. Approximately 500 employees have transitioned to work from home resulting in the reduction of approximately 450 tons of GHGs (greenhouse gases, with savings determined by the Global Workplace Analytics calculator). Additionally, Guardian installed telepresence (immersive rooms) at our major campuses in CT, NJ, NY and PA in order to minimize travel between offices without affecting employee collaboration. Additional information about these programs can be found on the Company's website ([www.guardianlife.com](http://www.guardianlife.com)) under "About Guardian" "Corporate Social Responsibility."

## Community Involvement and Volunteerism

Guardian supports our local communities through Community Involvement Committees ("CICs") and Green Teams, which are employee groups that help focus Guardian's charitable efforts and environmental stewardship operating out of the Guardian offices located in Appleton, Bethlehem, New York, Pittsfield and Spokane. The CICs and Green Teams help connect Guardian and its employees to local nonprofit organizations through grants, sponsorships and volunteer activities. The CICs and Green Teams were created to:

- enhance the lives of others by helping them achieve social and financial independence;
- provide opportunities to engage employees through volunteerism and financial contributions; and
- increase employee education and engagement in the communities where our employees live and work.

In addition, Guardian's Money Management for Life program, launched in 2013, has partnered with community colleges throughout the U.S. to provide free, for-credit personal finance and skills development courses. Since its inception, the program has served more than 5,500 students across 14 colleges in Guardian's major locations and has grown to incorporate life planning and technical skill development.

Guardian has partnered with six community colleges to offer small debt forgiveness programs for students in good academic standing as they complete their academic journey. Guardian has also entered into partnerships with NPower and Per Scholas, two national workforce development programs that focus on providing career skills in technology to underserved communities.

Guardian launched a multi-year partnership with Children's Health Fund and committed \$1million over two years to bring quality dental care to children in underserved communities. The "Guardians of the Smile" program has supported more than 12,000 dental encounters for children in underserved communities, hosted multiple oral health-themed events across the country, and launched a statewide oral health education and public awareness initiative in Pennsylvania, featuring custom oral health education materials produced by Scholastic. Furthermore, Guardian has invested significantly in The Dental Lifeline Network which organizes volunteer dentists and laboratory providers in each state in the US to provide free dental services to medically fragile and elderly patients who cannot afford dental care but need complex services coordinated with their overall health care efforts.

Guardian also sponsors a Pro Bono program in partnership with Her Justice and the New York Legal Assistance Group, to further enhance Guardian's underlying commitment to providing vital support to the communities in which it operates. Guardian employees provide free civil legal services in family, housing, benefits and immigration areas of law.

For more information about any of the practices and policies set forth in this document, please contact Harris Oliner, Senior Vice President and Corporate Secretary, The Guardian Life Insurance Company of America, 10 Hudson Yards, New York, New York 10001.



**The Guardian Life Insurance  
Company of America**  
10 Hudson Yards  
New York, NY 10001

**[guardianlife.com](https://guardianlife.com)**

This material is intended for general public use. By providing this material, we are not undertaking to provide investment advice for any specific individual or situation, or to otherwise act in a fiduciary capacity. Please contact one of our financial professionals for guidance and information specific to your individual situation.