

# The Guardian Life Insurance Company of America

## Audit and Risk Committee Charter

### I. Purpose

The primary purpose of the Audit and Risk Committee (the "Committee") of the Board of Directors (the "Board") of The Guardian Life Insurance Company of America (the "Company") is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, 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 the Company's performance record for complying with laws and regulations. The 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 Committee shall also undertake such other activities as are consistent with this *Audit and Risk Committee Charter* (the "*Charter*"), the Company's charter, *By-Laws* and *Corporate Governance Guidelines*, and governing law and regulation, and shall conduct itself in accordance therewith. In the event of a conflict between the terms of this *Charter* and the Company's charter, *By-Laws* or *Corporate Governance Guidelines*, the Company's charter, *By-Laws* or *Corporate Governance Guidelines* will govern.

### II. Authority

The Committee has authority to conduct or authorize investigations into any matters, at the Company's expense, within its scope of responsibility. It is empowered to:

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

### III. Organization/Composition

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

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

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

#### **IV. Meetings And Procedures**

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

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

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

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

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

#### **V. Responsibilities**

The Committee will carry out the following responsibilities:

##### **a. Financial Statements**

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with management and the external auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
5. Understand how management develops interim financial information.
6. On a regular basis, meet separately with the Chief Financial Officer ("CFO") in executive sessions to discuss any matters that the Committee or CFO believe should be discussed privately. The CFO is expected to communicate with the Chair on any significant financial issues that arise in between Committee meetings.

## **b. Risk Management**

1. Review 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.
2. Monitor all enterprise risks, including cybersecurity. In doing so, the 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).
3. Review the Company's operational risk management program and discuss with management the Company'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 the Company's risk assessment and risk management policies.
4. Receive management reports on significant emerging and evolving risks, as necessary.
5. Review periodically the Company's risk appetite and adherence to risk limits.
6. Review periodically the Company's economic capital model.
7. Review, on a quarterly basis, the activities of the Company's Risk Management Committee ("RMC"), considering risks that may affect the Company's financial strength or financial ratings and the steps taken by management to manage these risks within acceptable tolerances.
8. Review regulatory filings prepared by management as required pursuant to the New York State Department of Financial Services Regulation 203, and other applicable regulatory requirements, including applicable regulatory requirements relating to "Own Risk and Solvency Assessments".
9. On a regular basis, meet separately with the Chief Risk Officer ("CRO") in executive sessions to discuss any matters that the Committee or the CRO believe should be discussed privately. The CRO is expected to communicate with the Chair on any significant risk issues that arise between Committee meetings, including issues raised by the RMC.

## **c. Reserve Adequacy**

1. Review periodically the Company's Reserves (Statutory/GAAP).

## **d. Internal Control**

1. Ensure management appropriately establishes and maintains an internal controls system to provide reasonable assurance regarding the reliability of the financial statements in order to meet the NAIC Model Audit Rule Revised Regulatory Requirements (as adopted by the applicable state insurance regulator in New York, Massachusetts and Delaware) ("MAR"). These responsibilities will include performing the following:
  - Review and discuss with management the following:
    - Risk assessment of the financial reporting internal controls
    - Plans for internal controls over financial reporting, exceptions and results/conclusions
    - Remediation plans for significant control gaps;

- Discuss the internal controls strengths and weaknesses with management and separately, with the internal and external auditors with no management present;
  - Resolve any disagreements as they relate to internal controls between auditors and management;
  - Hold 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 review and approve Management's Report of Internal Control Over Statutory Financial Reporting for the Company, Berkshire Life Insurance Company of America and The Guardian Insurance & Annuity Company, Inc. required by the MAR.
2. In addition to internal controls over financial reporting processes, consider the effectiveness of the Company's financial and operational controls.
  3. Understand the scope of internal and external auditors' review of internal controls for financial reporting and operational effectiveness and obtain reports on significant findings and recommendations, together with management's responses.
  4. Obtain follow-up reports from management and the auditors to determine that recommendations have been implemented satisfactorily.

**e. Internal Audit**

1. Review with management and the Chief Audit Executive (the "CAE") the charter, plans, activities, staffing organizational structure and effectiveness of the internal audit function.
2. In conjunction with the Chief Executive Officer, review and concur in the appointment, performance appraisal, replacement or dismissal of the CAE.
3. On a regular basis, meet separately with the CAE in executive session to discuss any matters that the Committee or the internal auditors believe should be discussed privately and ensure there are no unjustified restrictions or limitations on the Internal Audit Department's activities. The CAE is expected to communicate with the Chair on any significant internal audit issues that arise between Committee meetings.

**f. External Audit**

1. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
2. Approve appointment and fees of independent auditors.
3. Approve the Pre-Approval Policy for external audit firm services, which policy may delegate the approval authority to one or more members of the Committee.
4. Review the performance of the external auditors at least once annually, in accordance with the established measures approved by the Committee and including a discussion of the performance of the external auditors with management and the internal auditors.
5. Exercise final approval on the appointment or discharge of the auditors subject to ratification by the full Board.
6. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.

7. On a regular basis, meet separately with the external auditors in executive sessions to discuss any matters that the 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 Committee meetings.

**g. Legal and Compliance**

1. Monitor and periodically review the Company's overall performance record for compliance with the statutes and regulations enacted by its primary regulator, the New York State Department of Financial Services, and the other regulatory authorities in the jurisdictions within which it operates and management's investigation and follow-up (including disciplinary action) of instances of non-compliance.
2. Review the material findings of examinations by regulatory agencies and examiner observations.
3. Obtain regular updates from management, the Company's Corporate Chief Compliance Officer ("CCO") and the Company's General Counsel ("GC") regarding legal, privacy, compliance (including anti-money laundering), compliance culture and ethics matters that may have a material impact on the Company's business, financial state or compliance policies; and receive annual reports on litigation, fraud and embezzlement.
4. Establish, oversee and review procedures for the receipt, retention and treatment of complaints received by the Company 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.
5. On a regular basis, meet separately with the CCO and the GC in executive sessions to discuss any matters that the Committee or the CCO or GC believe 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 Committee meetings.

**h. Reporting Responsibilities**

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

**i. Other Responsibilities**

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

**VI. Performance Evaluation**

The Committee shall conduct a self-evaluation on a periodic basis. In this regard, the Committee shall compare its performance with the provisions of this *Charter*.



**VII. Review Of Charter**

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

**VIII. Publication Of Charter**

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

Adopted: July 26, 2006

Most Recently Amended: November 15, 2017