



**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS AND PARTICIPATING POLICYHOLDERS**

Notice is hereby given that the Annual and Special Meeting of the shareholders and participating policyholders of **The Empire Life Insurance Company (Company)** will be held at Vantage Venues, 150 King Street West, 27th Floor, Toronto, Ontario, on Thursday, May 2, 2019 at 3:00 p.m., Eastern Time, for the following purposes:

1. To receive and consider the consolidated financial statements of the Company for the year ended December 31, 2018 together with the report of the auditors thereon;
2. To consider and, if thought advisable, to confirm by special resolution, the Resolution of the Board of Directors passed February 27, 2019, amending sections 3.04 and 8.01 of the Company's amended and restated by-law to, among other things, increase the maximum aggregate annual director remuneration from \$1 million to \$2 million;
3. To elect Shareholders' Directors and Policyholders' Directors;
4. To reappoint PricewaterhouseCoopers LLP as auditors and to authorize the directors to fix the auditors' remuneration; and
5. To transact such further or other business as may properly come before the meeting (or any postponement or adjournment thereof).

DATED at Kingston this 11th day of March, 2019.

By Order of the Board of Directors

A handwritten signature in black ink that reads "Heather Christie".

Heather L. Christie
Corporate Secretary

If you are unable to attend the meeting in person, please complete, date and sign the enclosed form of proxy and return it to the stock transfer agent for the Company, AST Trust Company (Canada), in the envelope provided for that purpose or submit it electronically. To be valid, the proxy must be deposited with AST Trust Company (Canada) at least 48 hours before the meeting.

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THE EMPIRE LIFE INSURANCE COMPANY
MANAGEMENT INFORMATION CIRCULAR

Table of Contents

PROXY SOLICITATION	2
VOTING SHARES	2
VOTING PARTICIPATING POLICIES.....	4
MATTERS FOR CONSIDERATION OF SHAREHOLDERS AND PARTICIPATING POLICYHOLDERS	5
PROPOSED AMENDMENT TO BY-LAW	5
ELECTION OF DIRECTORS	5
APPOINTMENT OF AUDITORS.....	8
CORPORATE GOVERNANCE DISCLOSURE	8
BOARD OF DIRECTORS	8
BOARD MANDATE.....	11
POSITION DESCRIPTIONS	11
COMMITTEES OF THE BOARD OF DIRECTORS.....	11
ORIENTATION AND CONTINUING EDUCATION	13
ETHICAL BUSINESS CONDUCT	13
NOMINATION OF DIRECTORS	13
NO MAJORITY VOTING POLICY	13
COMPENSATION	13
ASSESSMENTS	14
BOARD EFFECTIVENESS AND RENEWAL	14
STATEMENT OF EXECUTIVE COMPENSATION	14
COMPENSATION DISCUSSION AND ANALYSIS	14
SUMMARY COMPENSATION TABLE	16
DEFINED BENEFIT PENSION TABLE	17
DEFINED CONTRIBUTION TABLE.....	17
RETIREMENT PLANS	17
TERMINATION AND CHANGE OF CONTROL BENEFITS	18
DIRECTORS' COMPENSATION	19
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE	20
INDEBTEDNESS OF DIRECTORS AND OFFICERS	20
ADDITIONAL INFORMATION.....	20
CERTIFICATE.....	20
SCHEDULE A: SPECIAL RESOLUTION OF THE DIRECTORS	21
SCHEDULE B: MANDATE OF THE BOARD OF DIRECTORS	22

THE EMPIRE LIFE INSURANCE COMPANY

MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY MANAGEMENT OF THE EMPIRE LIFE INSURANCE COMPANY (EMPIRE LIFE OR THE COMPANY) FOR USE AT THE COMPANY'S ANNUAL AND SPECIAL MEETING (MEETING) OF THE SHAREHOLDERS AND PARTICIPATING POLICYHOLDERS TO BE HELD AT VANTAGE VENUES, 150 KING STREET WEST, 27th FLOOR, TORONTO, ONTARIO, ON THURSDAY, MAY 2, 2019, AT 3:00 P.M. EASTERN TIME.

The Notice of Annual and Special Meeting (Notice of Meeting), this Circular, the form of proxy and the 2018 Annual Report (meeting materials), are not available using notice-and-access.

The solicitation of proxies will be by mail, the expense of which will be borne by the Company. The Company does not mail meeting materials directly to either registered or non-registered shareholders or participating policyholders. AST Trust Company (Canada) (AST), the Company's transfer agent, mails meeting materials to registered shareholders and participating policyholders. Broadridge Investor Communications Solutions (Broadridge), the service company for most intermediaries (as described below), distributes meeting materials to all non-registered shareholders who have requested them.

Unless otherwise indicated, the date of the information in this Circular is March 11, 2019.

VOTING SHARES

Only registered holders (or their proxy holders) of the common shares of the Company (Common Shares) of record at the close of business on March 11, 2019 will be entitled to vote at the Meeting.

There are issued and outstanding 985,076 Common Shares, each of which is entitled to one vote.

Principal holders of voting shares

To the knowledge of the Company's directors and executive officers, the only persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10% of the Company's voting shares are E-L Financial Corporation Limited (E-L) and E-L Financial Services Limited (ELFS). E-L owns 100% of ELFS, which owns 968,607 or 98.3% of the Common Shares. Of the remaining 1.7% of the Company's Common Shares, 1% or 9,942 of the Common Shares are owned by E-L directly, for a total of 99.3% or 978,549 of the Common Shares.

Voting in person

If you are a registered shareholder who will attend and vote in person at the Meeting, you do not need to complete or return the accompanying form of proxy. Please register your attendance with the scrutineer, AST, upon arrival at the Meeting.

Non-registered shareholders who wish to attend and vote at the Meeting (or have another person attend and vote on their behalf) must complete the form of proxy by writing the name of the person who will attend and vote in the blank space provided in the proxy. This is further described under the heading "Non-Registered Shareholders" below.

Voting by and deposit of proxies

Shareholders who do not plan to attend the Meeting and vote in person may vote by using the form of proxy.

The form of proxy confers a discretionary authority upon the people named in it with respect to amendments or variations to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting. **The people named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the instructions of the shareholders appointing them on any ballot that may be called for. In the absence of these instructions, the Common Shares will be voted:**

- (1) to confirm the resolution of the Board of Directors attached as Schedule A to this Circular, amending the Company's amended and restated By-law to, among other things, increase the maximum aggregate annual director remuneration from \$1 million to \$2 million;**
- (2) to elect the people named in this Circular as proposed nominees for election as directors; and**
- (3) to reappoint PricewaterhouseCoopers LLP (PwC) as the Company's auditors, and to authorize the directors to fix the auditors' remuneration.**

Management is not aware of any amendments, variations, shareholder proposals or other matter to be presented for action at the Meeting other than those set out in the Notice of Meeting. However, if any amendment, variation, shareholder proposal, or other matter properly comes before the Meeting, the Common Shares represented by proxies in favour of the management nominees will be voted on those matters in accordance with the best judgment of the proxy nominee.

A shareholder has the right to appoint any person (who need not be a shareholder) to attend and act for him or her and on his or her behalf at the Meeting. This right may be exercised by inserting the other person's name in the blank space provided in the proxy.

To be voted at the Meeting, a proxy must be received by (i) the Company's Corporate Secretary at or before the beginning of the Meeting (or any postponement or adjournment of it) or (ii) AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, not later than two business days before the Meeting (or any postponement or adjournment of it).

Non-registered shareholders

In many cases, the Common Shares beneficially owned by a holder (non-registered shareholder) is registered either:

- (a) in the name of an intermediary (Intermediary) that the non-registered shareholder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a depository (such as CDS Clearing and Depository Services Inc., or CDS).

Intermediaries are required to forward meeting materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Typically, Intermediaries will use a service company such as Broadridge to forward the meeting materials to non-registered shareholders.

Non-registered shareholders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit non-registered shareholders to direct the voting of the Common Shares they beneficially own. Non-registered shareholders should follow the procedures set out below, depending on the type of form they receive:

- (a) Voting Instruction Form. In most cases, a non-registered shareholder will receive, as part of the meeting materials, a voting instruction form. If the non-registered shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvotecanada.com. If a non-registered shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the non-registered shareholder must complete, sign and return the voting instruction form in accordance with the directions provided, and a form of proxy giving the right to attend and vote will be forwarded to the non-registered shareholder; or

- (b) Form of Proxy. Less frequently, a non-registered shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the non-registered shareholder but which is otherwise uncompleted. If the non-registered shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the non-registered shareholder must complete the form of proxy and deposit it with the Company at 259 King Street East, Kingston, Ontario, K7L 3A8. If a non-registered shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the non-registered shareholder must insert the non-registered shareholder's (or that other person's) name in the blank space provided in the proxy.

Non-registered shareholders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

Revocation

A registered shareholder who has given a proxy may revoke the proxy by:

- (a) completing and signing a proxy bearing a later date and depositing it with AST or the Company as described above; or
- (b) depositing an instrument in writing executed by the shareholder or by the shareholder's authorized attorney or, if the shareholder is a corporation, under its corporate seal or by its authorized officer or attorney: (i) at the Company's registered office at any time up to and including the last business day before the day of the Meeting, or any postponement or adjournment of it, at which the proxy is to be used, or (ii) with the Chair before the beginning of the Meeting on the day of the Meeting or any adjournment of it; or
- (c) in any other manner permitted by law.

A non-registered shareholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive meeting materials and to vote that is not received by the Intermediary at least seven days before the Meeting.

VOTING PARTICIPATING POLICIES

Every person who owns a participating policy of the Company on which no premiums are due (Participating Policy) is entitled to attend and to vote in person or by proxy at the Meeting.

Each Participating Policyholder has one vote at all annual meetings of the Company at which Participating Policyholders are entitled to attend and vote.

The number of eligible votes of Participating Policyholders as at March 11, 2019 is 76,011.

Voting in person

If you are a Participating Policyholder who will attend and vote in person at the Meeting, you do not need to complete or return the accompanying form of proxy. Please register your attendance with the scrutineer, AST, upon arrival at the Meeting.

Voting by and deposit of proxies

Participating Policyholders who do not plan to attend the Meeting and vote in person may vote by using the form of proxy.

The form of proxy confers a discretionary authority upon the people named in it with respect to amendments or variations to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting. **The people named in the enclosed form of proxy will vote the Participating Policies in respect of which they are appointed in accordance with the instructions of the Participating Policyholders appointing them on any ballot that may be called for. In the absence of these instructions, the Participating Policies will be voted:**

- (1) to confirm the resolution of the Board of Directors attached as Schedule A to this Circular, amending the Company's amended and restated By-law to, among other things, increase the maximum aggregate annual director remuneration from \$1 million to \$2 million;
- (2) to elect the people named in this Circular as proposed nominees for election as directors; and
- (3) to reappoint PricewaterhouseCoopers LLP (PwC) as the Company's auditors, and to authorize the directors to fix the auditors' remuneration.

Management is not aware of any amendments, variations, policyholder proposals or other matter to be presented for action at the Meeting other than those set out in the Notice of Meeting. However, if any amendment, variation, policyholder proposal, or other matter properly comes before the Meeting, the Participating Policies represented by proxies in favour of the management nominees will be voted on those matters in accordance with the best judgment of the proxy nominee.

A Participating Policyholder has the right to appoint any person (who need not be a Participating Policyholder) to attend and to act for him or her and on his or her behalf at the Meeting. This right may be exercised by inserting the other person's name in the blank space provided in the proxy.

To be voted at the Meeting, a proxy must be received by (i) the Company's Corporate Secretary at or before the beginning of the Meeting (or any postponement or adjournment of it) or (ii) AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, not later than two business days before the Meeting (or any postponement or adjournment of it).

Revocation

A Participating Policyholder who has given a proxy may revoke the proxy by:

- (a) completing and signing a proxy bearing a later date and depositing it with AST or the Company as described above; or
- (b) depositing an instrument in writing executed by the Participating Policyholder or by the Participating Policyholder's authorized attorney or, if the Participating Policyholder is a corporation, under its corporate seal or by its authorized officer or attorney: (i) at the Company's registered office at any time up to and including the last business day before the day of the Meeting, or any postponement or adjournment of it, at which the proxy is to be used, or (ii) with the Chair before the beginning of the Meeting on the day of the Meeting or any adjournment of it; or
- (c) in any other manner permitted by law.

MATTERS FOR CONSIDERATION OF SHAREHOLDERS AND PARTICIPATING POLICYHOLDERS

PROPOSED AMENDMENT TO BY-LAW

On February 27, 2019, the Board of Directors (Board of Directors or Board) passed a resolution amending By-Law No. 32, being The Amended and Restated By-law of The Empire Life Insurance Company. The Company is proposing that the Common Shareholders and Participating Policyholders entitled to vote at the Meeting confirm this by-law amendment by special resolution at the Meeting to increase the maximum aggregate director remuneration from \$1 million, which has been the maximum since 2009, to \$2 million, in light of a Board which may fluctuate in size from time to time.

The special resolution amending the Company's By-law is attached as Schedule A.

ELECTION OF DIRECTORS

Under the *Insurance Companies Act (Canada)* (ICA), the term of office of all current directors expires at the end of the Meeting. In accordance with the Company's amended By-law, the Board of Directors has fixed the number of Shareholders' Directors and the number of Policyholders' Directors to be elected at the Meeting at six and four nominees respectively, to serve until the next annual meeting or until their successors are elected or appointed. Pursuant to the ICA and the Company's By-law, at least one-third of the Board must be elected as policyholders' directors and the balance elected as shareholders' directors such that, of the 10 nominees, six are nominated as

shareholders' directors and four as policyholders' directors. All directors are subject to identical fiduciary duties and will be elected by cumulative voting, so that no shareholder will vote for more than the number of shareholders' directors to be elected and no Participating Policyholder will vote for more than the number of policyholders' directors to be elected.

Unless the authority to do so is withheld, proxies in favour of management nominees will be voted for the election of the following proposed nominees as shareholders' directors or policyholders' directors, as the case may be. If any proposed nominee should for any reason be unable to serve as a director of the Company, the people named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion, unless the shareholder or Participating Policyholder has specified in the proxy that the shares or Participating Policies are to be withheld from voting in the election of directors. The Company does not have an executive committee of its Board of Directors. None of the nominees hold Common Shares or Participating Policies.

Shareholders' Directors

Name, Province and Country of Residence	Position(s) / Title	Director Since⁽⁶⁾	Principal Occupation For Past Five Years
Duncan N. R. Jackman ⁽⁵⁾ Toronto, Ontario, Canada	Director (Chair)	April 2, 1997	Chairman and President (February 2003 to present) and Chief Executive Officer (September 2004 to present) of E-L; Chairman (February 2001 to present) and President (February 2006 to present) of Economic Investment Trust Limited; and Chairman and President of United Corporations Limited (February 2001 to present).
John F. Brierley ⁽¹⁾⁽²⁾⁽⁵⁾ Oakville, Ontario, Canada	Director	April 30, 2014	Corporate Director (April 2014 to present).
Scott F. Ewert Burlington, Ontario, Canada	Director	Standing for election May 2, 2019	Vice-President and Chief Financial Officer of E-L (January 2015 to present); Partner, PricewaterhouseCoopers LLP (July 2012 to December 2014).
Edward M. Iacobucci ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Director	April 29, 2009	Dean and James M. Tory Professor of Law at Faculty of Law, University of Toronto (January 1, 2015 to present); has held various other titles at the Faculty of Law, University of Toronto, since 1998.
Clive P. Rowe ⁽⁴⁾⁽⁵⁾ Gulf Stream, Florida, USA	Director	April 5, 2000	Partner at Oskie Capital (June 2010 to present).
Patricia M. Volker Burlington, Ontario, Canada	Director	Standing for election May 2, 2019	Corporate Director (2012 to present); served in various capacities at Chartered Professional Accountants of Ontario with over 17 years of service.

Policyholders' Directors

Name, Province and Country of Residence	Position(s) / Title	Director Since⁽⁶⁾	Principal Occupation For Past Five Years
Mark Sylvia Burlington, Ontario, Canada	Director, President and Chief Executive Officer	June 2, 2014	Director, President and Chief Executive Officer of Empire Life (June 2014 to present); Chair of the Board (June 2014 to present) and President and Chief Executive Officer (February 2015 to present) of Empire Life Investments Inc. (ELII); President of Clarity Underwriting Managers Inc. (August 2010 to June 2014).
Mark J. Fuller ⁽²⁾⁽³⁾⁽⁵⁾ Toronto, Ontario, Canada	Director	September 18, 2002	President and Chief Executive Officer of Ontario Pension Board (January 2009 to present); has held various other titles at the Ontario Pension Board since 1999.
Harold W. Hillier ⁽¹⁾⁽²⁾⁽⁴⁾ Stouffville, Ontario, Canada	Director	April 25, 2012	Corporate Director (May 2011 to present); Chairman of Hillier Artworks Canada Inc. (July 2009 to present); Chairman of Shiwela Capital Inc. (February 2001 to present).
Jacques Tremblay ⁽³⁾⁽⁵⁾ Ajax, Ontario, Canada	Director	April 30, 2014	Partner at Oliver Wyman (November 1994 to present).

- (1) Member of the Audit Committee. All Audit Committee members are considered independent for the purposes of National Instrument 52-110 - Audit Committees, as amended from time to time (NI 52-110). All Audit Committee members are financially literate within the meaning of NI 52-110.
- (2) Member of the Conduct Review Committee.
- (3) Member of the Human Resources Committee.
- (4) Member of the Investment Committee.
- (5) Member of the Risk and Capital Committee.
- (6) Each proposed nominee who is stated to have been a director since a specified year has served continuously from the year indicated.

Cease trade order or bankruptcies

To the knowledge of the Company, in the last 10 years, no director or executive officer of the Company has been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person's ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets. Also, to the knowledge of the Company, in the last 10 years, no director or executive officer of the Company has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

To the knowledge of the Company, in the last 10 years, no director or executive officer of the Company is or has been a director or executive officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued (i) while that person was acting in that capacity, or (ii) after that person was acting in that capacity and that resulted from an event that occurred while that person was acting in that capacity.

Penalties or sanctions

No director or executive officer of the Company has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

APPOINTMENT OF AUDITORS

Unless the authority to do so is withheld, proxies in favour of management nominees will be voted in favour of the reappointment of PwC as the Company's auditors and the authorization of the Board to fix their remuneration. A majority of votes cast is required to reappoint the auditors. The Company's management has been informed that no member of the firm has any direct or indirect financial or other interest in the Company. PwC was appointed the Company's auditors on April 27, 2011.

CORPORATE GOVERNANCE DISCLOSURE

BOARD OF DIRECTORS

Empire Life's Board currently comprises nine directors, six of whom are considered "independent" under Canadian Securities laws, including NI 52-110. Pursuant to NI 52-110, an independent director is one who is free from any direct or indirect relationship that could, in the view of the Board, be reasonably expected to interfere with his or her independent judgment.

Mr. Sylvia is not considered to be independent under NI 52-110 as a result of his position as President and Chief Executive Officer of Empire Life; Mr. Jackman is not considered to be independent under NI 52-110 as a result of his position as President and Chief Executive Officer of E-L, the indirect majority shareholder of Empire Life; and Mr. Rowe is not considered to be independent under NI 52-110 as a result of his position as a partner with investment management firm, Oskie Capital, which received compensation from Empire's parent company, E-L, in 2018.

Messrs Brierley, Fuller, Hillier, Iacobucci, Taylor and Tremblay are independent directors. Mr. Tremblay's independence was reassessed as a result of his position as partner with Oliver Wyman, an actuarial consulting firm which provided consulting services to E-L during the year. Pursuant to NI 52-110, the Board has determined in its reasonable judgment that Mr. Tremblay is able to exercise the impartial judgment necessary for him to fulfill his responsibilities as director, and that his appointment is in the best interests of Empire Life and its shareholders given his expertise. Mr. Taylor is not standing for re-election at the Meeting. If all of the proposed directors are elected at the Meeting, a majority of the Board will be independent.

In addition to their principal occupations, the proposed Company directors are also directors of other reporting issuers as shown in the table below.

DIRECTOR	REPORTING ISSUER
Duncan N.R. Jackman	Algoma Central Corporation Dream Global Real Estate Investment Trust Dream Unlimited Corp. First National Financial Corporation Labrador Iron Ore Royalty Corporation
Mark J. Fuller	Labrador Iron Ore Royalty Corporation
Harold W. Hillier	Guardian Capital Group Limited
Clive P. Rowe	Algoma Central Corporation E-L
Patricia M. Volker	Denison Mines Corp. Labrador Iron Ore Royalty Corporation

The independent directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance. The Board, and each of its five committees, meets regularly without the presence of management, and this helps to create an atmosphere conducive to candid and open discussions among all directors. The Chair of the Board is not an independent director and the Board does not have a lead independent director. The Chair provides leadership to all directors, and the Board from time to time may engage external advisors to help assess the activities of management. Individual directors may engage external advisors at the expense of the Company in appropriate circumstances.

The attendance for each director for the year ended December 31, 2018 is set out in the following table.

Director	Board meetings attended*	Audit Committee meetings attended	Conduct Review Committee meetings attended	Human Resources Committee meetings attended†	Investment Committee meetings attended*	Risk and Capital Committee meetings attended*
John F. Brierley ⁽¹⁾⁽²⁾⁽⁵⁾	7 of 7	4 of 4	4 of 4	N/A	N/A	4 of 4
Mark J. Fuller ⁽²⁾⁽³⁾⁽⁵⁾	7 of 7	N/A	4 of 4	5 of 5	N/A	4 of 4
Harold W. Hillier ⁽¹⁾⁽²⁾⁽⁴⁾	7 of 7	4 of 4	4 of 4	N/A	4 of 4	N/A
Edward M. Iacobucci ⁽¹⁾⁽²⁾⁽³⁾	7 of 7	4 of 4	4 of 4	5 of 5	N/A	N/A
Duncan N. R. Jackman ⁽³⁾⁽⁵⁾	6 of 7	N/A	N/A	2 of 2	N/A	4 of 4
Clive P. Rowe ⁽⁴⁾⁽⁵⁾	7 of 7	N/A	N/A	N/A	4 of 4	4 of 4
Stephen J.R. Smith ⁽⁴⁾⁽⁵⁾	2 of 3	N/A	N/A	N/A	1 of 2	0 of 2
Mark Sylvia	7 of 7	N/A	N/A	N/A	N/A	N/A
Mark M. Taylor ⁽¹⁾⁽³⁾⁽⁴⁾	7 of 7	4 of 4	N/A	3 of 3	4 of 4	N/A
Jacques Tremblay ⁽³⁾⁽⁵⁾	7 of 7	N/A	N/A	5 of 5	N/A	4 of 4

Summary of Board and Committee Meetings Held

Board.....	7
⁽¹⁾ Audit Committee.....	4
⁽²⁾ Conduct Review Committee.....	4
⁽³⁾ Human Resources Committee.....	5
⁽⁴⁾ Investment Committee.....	4
⁽⁵⁾ Risk and Capital Committee (formerly Ad Hoc Capital Committee).....	4
Total Number of meetings held	28

* Stephen Smith ceased being a member of the Board, a member of the Investment Committee and a member of the Risk and Capital Committee effective May 3, 2018.

† Duncan Jackman ceased being a member, and Mark Taylor became a member, of the Human Resources Committee effective May 3, 2018.

BOARD MANDATE

The Board's mandate is to oversee the conduct of the Company's business, including monitoring its risk management. The Board has adopted a written mandate setting out its responsibility for strategic planning, risk management, financial management, succession planning, oversight functions, culture and ethics, policyholder rights, charitable donations, pension plan oversight and other responsibilities. The Board discharges these responsibilities directly and through delegation to various Board committees and management. The full text of the Board's mandate is attached as Schedule B.

The risks overseen by the Board of Directors include investment risks, market risks, equity risks, interest rate risks, foreign exchange rate risks, liquidity risks, credit risks (including counterparty risks), hedging risks, insurance risks, mortality risks, policyholder behavior risks, expense risks, morbidity risks, product design and pricing risks, underwriting and claims risks, reinsurance risks, operational risks, legal and regulatory compliance risks, model risks, ability to attract employees, third party risks, technology, information security and business continuity risks, reliance on key personnel, pension risks, risks with respect to risk management policies, business risks, risks with respect to financial strength, capital adequacy risks, risks with respect to competition, risks with respect to distribution channels, risks with respect to changes to applicable income tax legislation, risks to reputation, risks with respect to intellectual property, risks with respect to significant ownership of common shares, risks relating to securities of Empire Life, risks with respect to market value and risks with respect to regulatory constraints. Primary responsibility for oversight of some of these risks is delegated to the five standing committees of the Board of Directors, whose roles and responsibilities are specifically defined. Those not delegated to a standing committee remain with the Board.

POSITION DESCRIPTIONS

The Board has developed a written position description for the Chair of the Board and the Chair of each Board Committee.

The Board and the President and Chief Executive Officer have developed a written mandate for the President and Chief Executive Officer.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established five committees: the Audit Committee, the Conduct Review Committee, the Human Resources Committee, the Investment Committee and the Risk and Capital Committee.

Audit Committee

NI 52-110 sets out requirements concerning the composition and responsibilities of an issuer's audit committee, and its reporting obligations with respect to audit-related matters. Empire Life's Audit Committee is currently composed of John F. Brierley, Harold W. Hillier, Edward M. Iacobucci, and Mark M. Taylor, each of whom is financially literate within the meaning of NI 52-110. All members of the Audit Committee are considered independent within the meaning of NI 52-110.

The Audit Committee has statutory responsibility under the ICA to oversee, on behalf of the Board of Directors, the Company's financial reporting, accounting and financial reporting systems, and internal controls. The Board has adopted a written mandate for the Audit Committee that sets out these responsibilities, as well as responsibility for: (i) reviewing the Company's financial statements and public disclosure documents containing financial information and reporting on this review to the Board of Directors, (ii) ensuring that adequate procedures are in place for the review of Company's public disclosure documents that contain financial information, (iii) overseeing the work of the external auditor, (iv) reviewing, evaluating and approving Empire Life's internal control procedures, and (v) overseeing work related to stress testing. The external auditor receives notice of and is entitled to attend all Audit Committee meetings. The Audit Committee's mandate and other information with respect to it is set out in the Company's February 27, 2019 Annual Information Form, which is available on SEDAR at www.sedar.com.

Conduct Review Committee

The Conduct Review Committee currently comprises John F. Brierley, Mark J. Fuller, Harold W. Hillier, and Edward Iacobucci. It is primarily responsible for overseeing procedures established to identify material related-party transactions pursuant to the ICA. It also monitors certain corporate policies, including procedures with respect to the Code of Business Conduct, conflicts of interest, Empire Life's personal trading policy, confidentiality of information, consumer complaints, privacy, regulatory compliance and outsourcing. Management reports at least annually to the Conduct Review Committee concerning these matters, and seeks direction from it concerning transactions involving directors, officers or related parties, or should any serious issues of non-compliance with any these policies arise. Some matters, such as certain related party transactions, require approval of the Conduct Review Committee before management may proceed with them. The Conduct Review Committee reports at least annually to the Board of Directors concerning these matters.

The Conduct Review Committee is also responsible for providing to the Office of the Superintendent of Financial Institutions (OSFI) its annual report to the Board outlining the steps taken by the Conduct Review Committee in carrying out its responsibilities under the ICA. The external auditor receives notice of and is entitled to attend all Conduct Review Committee meetings.

Human Resources Committee

The Human Resources Committee currently comprises Mark J. Fuller, Edward M. Iacobucci, Mark M. Taylor and Jacques Tremblay. It is responsible for reviewing and monitoring Empire Life's human resources practices, including employee and executive compensation, succession planning, workforce, and pension and benefit plans. The Human Resources Committee also acts as the Board's nominating committee and its compensation committee, reviewing performance and compensation for the directors and senior executives. For more details on compensation, please see "Statement of Executive Compensation" below.

As part of its responsibilities, the Human Resources Committee reviews the criteria and process for assessing the performance of the Board and its committees, and these assessments are reviewed and discussed annually by the Board of Directors and each committee. The Human Resources Committee is also responsible for establishing and reviewing individual director self-assessments, which are conducted annually. These assessments address, among other things, individual director overall skills, knowledge and experience, and individual director financial literacy. The committee and individual director self-assessments provide an opportunity for directors to recommend changes to the composition of the Board of Directors and its committees and to the effectiveness of their operation annually.

The Human Resource Committee is also responsible for identifying individuals qualified to become members of the Board of Directors and committees of the Board, and for recommending that the Board of Directors select these people as nominees for election or appointment to the Board. In fulfilling these responsibilities, the committee considers a number of factors, including the character and size of the Board, the nature of Empire Life's business, the competencies, skills, strengths and development needs of current directors, the competencies, skills and level of commitment needed in any proposed nominee, applicable regulatory requirements, and other criteria established by the Board or the Human Resources Committee from time to time.

All members of the Human Resources Committee, including its Chair, are independent. The Board believes that its nomination and other processes are effective.

Investment Committee

The Investment Committee currently comprises Harold W. Hillier, Clive P. Rowe and Mark M. Taylor. The Investment Committee assists the Board in monitoring the Company's investment and lending policies, standards and procedures, and the political, socio-economic and social conditions affecting its investments, investment activities and portfolios. Some of the activities of the Investment Committee are prescribed by the Company's Investment Guidelines, which reflect the requirements of the ICA. The ICA requires the Board to establish, and the Company to adhere to, investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans, in order to avoid undue risk of loss and obtain a reasonable return.

Risk and Capital Committee

The Risk and Capital Committee currently comprises John F. Brierley, Mark J. Fuller, Duncan N.R. Jackman, Clive P. Rowe and Jacques Tremblay. It is responsible for overseeing Empire Life's risk and capital management activities. It assists the Board in its oversight role with respect to the management of the Company's enterprise risk management framework and risk appetite framework; the identification, review and assessment of the Company's primary risks; the review and assessment of the Company's risk management strategies; and the deployment and use of capital.

ORIENTATION AND CONTINUING EDUCATION

Management provides new directors with a comprehensive package of information dealing with matters such as corporate governance, mandates of the Board of Directors and its committees, the Company's by-laws, Board administration, directors' and officers' insurance, as well as material corporate policies and codes. Management and existing Board members contribute to the orientation of new directors.

The Board does not provide a pre-set program of continuing education for its directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors by learning from one another and from a variety of outside advisors as new issues or opportunities arise. Ad hoc educational sessions are held periodically on topics of interest and importance to directors in fulfilling their oversight responsibilities.

ETHICAL BUSINESS CONDUCT

The Board of Directors has adopted a written code of business conduct that applies to all of the Company's officers, directors and employees (Code of Business Conduct). Officers, directors and employees are required to read and acknowledge their understanding of the Code of Business Conduct on an annual basis. The Chief Compliance Officer reports at least annually to the Conduct Review Committee regarding the type, nature and outcome of any Code matters addressed during the year. The Code of Business Conduct provides a mechanism for confidential reporting of actual or suspected violations of the Code. A copy of the Code of Business Conduct may be obtained at www.sedar.com or the Company's website at www.empire.ca.

Empire Life also has terms of reference for its Board members, which set out the duties, skills and behaviours expected of each member. The terms of reference are intended to guide directors in fulfilling their responsibilities and to assist the Board Chair in assessing directors' contributions to Empire Life and the Board of Directors.

In addition, to further encourage and promote a culture of ethical business conduct, the Board's mandate requires that the Board be satisfied with the integrity of the Chief Executive Officer and other executive officers, and that these officers are creating a culture of integrity throughout Empire Life. The mandate also requires directors to promptly inform the Board Chair of any actual or potential conflict, and to refrain from voting on or participating in discussion of the related matter. The fact that a director has abstained from discussing and voting on a matter is noted in the minutes of the meeting.

NOMINATION OF DIRECTORS

In accordance with the ICA and the Company's By-law, at least one-third of the Empire Life Board is elected as policyholders' directors, and the balance is elected as shareholders' directors. Currently the Board has four policyholders' directors and five shareholders' directors. For more detail on the nomination process for directors, please see "Human Resources Committee", above.

NO MAJORITY VOTING POLICY

Empire Life is exempt from the TSX requirement to have a majority voting policy as E-L will beneficially own, or control or direct, directly or indirectly, voting securities carrying 50% or more of the voting rights for the election of Empire Life's directors as of the Meeting's record date.

COMPENSATION

The Empire Life Board determines the compensation for its directors and executive officers. Its approach to doing so is set out in the "Statement of Executive Compensation" below.

The Human Resources Committee (which is composed entirely of independent directors) makes recommendations to the Board regarding compensation for Empire Life's executives. The Board determines the compensation of Mark Sylvia, the Company's Named Executive Officer who is also a member of the Board. Consistent with the approach required for all conflicts of interest, Mr. Sylvia does not participate in the Board's deliberations concerning his compensation. Further information is set out in the "Statement of Executive Compensation", below.

ASSESSMENTS

The Board has implemented an annual self-assessment process designed to identify Board, individual director, and committee strengths and development opportunities. The skills and needs of the Board are evaluated as part of this assessment process. From time to time, the Board may engage external reviewers to assist with the assessment of Board and committee effectiveness. Please also see "Human Resources Committee", above.

BOARD EFFECTIVENESS AND RENEWAL

Annually, the Board reviews Board and committee membership as part of its succession planning and to determine whether the Board and its committees have the appropriate mix of knowledge, skills and experience to effectively oversee the Company's operations. Empire Life has not adopted term limits for Board members.

Empire Life has not adopted a written policy relating to the identification and nomination of women directors. The Board's view is that directors are identified and nominated from time to time, regardless of gender, in consideration of the Board's skills and requirements.

Empire Life's human resources goal, at the Board, executive level and throughout management, is to recruit the most qualified person for any position. Empire Life has not adopted a target regarding women on its Board or in executive positions. The Board considers the level of representation of women on the board, and in executive level positions, in identifying and nominating candidates for election to the Board, and when making executive officer appointments, as the case may be. While the Company does not currently have a female director, the Board regularly reviews and assesses Board composition, as well as executive officer appointments. Out of the 31 executives at Empire Life, six are women, or 19%. Out of the 10 proposed directors to be elected at the Meeting, one is a woman, or 10%.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Empire Life Board determines the compensation of its directors and executive officers. Empire Life's Named Executive Officers are as shown on the Summary Compensation Table.

The Board's objective with regard to executive compensation is to provide a compensation package that will attract, retain and motivate qualified and experienced executives. The Board takes into account the compensation practices of other companies in the financial services sector so that executive compensation is competitive, both in terms of the individual components and in aggregate. Compensation surveys and management recommendations may be used by the Board as part of this process. The Company does not benchmark to any particular companies, but uses as a resource compensation surveys of insurance and other financial services companies performed by human resource consulting companies. The Human Resources Committee assists the Board in overseeing human resources practices, including executive compensation and Board compensation.

All members of the Human Resources Committee have direct experience in their current or previous employment relevant to their Empire Life responsibilities for executive compensation, and have direct experience dealing with senior executive compensation other than with the Company. These responsibilities are similar to those discharged at Empire Life, including reviewing performance and compensation for the chief executive officer and senior executives, reviewing and recommending to its Board any changes to pensions and benefits, and monitoring succession planning.

Executive Compensation Program

Executive compensation is comprised of base salary, short-term bonus, long-term bonus and pension benefits. The long-term bonus plan was introduced in 2016.

The average mix of total direct compensation by level, based on target pay is summarized below:

Role	Base Salary	Short-Term Incentive Plan	Long-Term Incentive Plan
President	46%	35%	19%
Senior Vice-President	59%	29%	12%

None of the Named Executive Officers receives director's fees. A description of the Company's approach to salary and bonus follows. The pensions of the Named Executive Officers are described under "Retirement Plans", below.

Salaries

Executives' base salaries are reviewed annually and are based on market salary information and the executive's responsibility, experience and performance. The Human Resources Committee performs the salary review for the Chief Executive Officer and reviews other executives' salaries based on the Chief Executive Officer's recommendations. The Board determines the compensation for the executives based on the Human Resources Committee's recommendations.

Short-Term Incentive Plan

The Short-Term Incentive Plan annually rewards individuals based on achievements of annual performance objectives.

For Empire Life executive officers, including the Named Executive Officers but excluding the Chief Investment Officer, the short-term incentive plan is made up of two components: a discretionary bonus based on individual performance and a bonus based on management's contribution to business objectives including growth, profitability and management of expenses. The discretionary bonus awards have a 25% weighting and are determined based on evaluation of individual contributions during the year. Performance is assessed against individual performance objectives for the year. The business objectives bonus has a 75% weighting and includes corporate results and for executives leading revenue generating operations also includes divisional results. For these executives, the split is 67% corporate results and 33% divisional results. The maximum overall Short-Term Incentive payout for exceptional results and individual performance is 160% of target for the executive team.

The Chief Investment Officer has a short term incentive plan with targets and maximums expressed as a percentage of salary. The short-term incentive plan is made up of two components, a discretionary bonus based on individual performance (target 24.0%, maximum 48%), and a performance component based on the performance of various segregated funds relative to the segregated fund universe over one, three and five year time horizons (overall performance target 65%, maximum 150%).

Long-Term Incentive Plan

The Long-Term Incentive Plan delivers a portion of competitive pay that is deferred to support employee retention and to align with shareholder interests. Long-term incentive awards are granted in cash and are paid before December 31 of the third year following the performance period for which it is declared.

For Named Executive Officers but excluding the Chief Investment Officer, the plan design has a wide range of potential payout (0-200% of individual funding allocation but no greater than the maximum individual funding amount). Target funding levels are 20% of salary for Senior Vice-Presidents and 40% of salary for the President and Chief Executive Officer. Awards are granted based on competitive practice, position level and individual performance and potential. The performance measure is Operating Net Income as a percentage of Shareholder Equity for the calendar year. Maximum funding levels are 500% of target funding levels for Senior Vice-Presidents and 300% for the President.

For the Chief Investment Officer, the long-term incentive plan considers the same factors as the short-term

incentive plan (overall long term incentive plan target 24%, maximum 37%).

Generally, to be eligible for payment of an award, eligible employees must be either (i) employed on the date the award is paid or (ii) not employed on the date the award is paid as a result of the employee's voluntary retirement from the Company, termination without cause or death.

Risk Management and Regulatory Compliance

Empire Life understands the importance of effective risk management and regulatory compliance, both generally and in the context of compensation policies. Risk management and regulatory compliance activities are integrated into management's decision-making processes and these activities are regularly reported to the Board or to committees of the Board. The Board does not have compensation practices that, for example, reward or incent excessive risk taking, or in which short-term results are much more heavily weighted than longer-term results.

Empire Life has risk management processes that are designed so that its operations are consistent with its business objectives and risk philosophy while maintaining an appropriate risk / reward balance, and has established a Board-approved enterprise risk management program. Senior management shares responsibility for the Company's risk management and is represented on various inter-functional risk management committees. The purpose of the risk management process is to identify and manage the financial risks and reputational risks to which the Company may be exposed, so that corporate performance is positively affected in the short and long terms.

As described above, the compensation programs have discretionary bonuses that are largely dependent on corporate performance and individual contributions to corporate performance. The compensation program does not reward risk-taking but is designed to achieve the appropriate balance of achievement of both shorter term and longer term goals, in accordance with the business plans approved by the Board. The Human Resources Committee has a high degree of involvement with the compensation programs and annual incentive awards for executives, and these awards are reviewed annually with the Board in the context of its oversight of senior management.

SUMMARY COMPENSATION TABLE

Name and Position	Year	Salary (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
			Annual	MTIP/LTIP ⁽¹⁾			
Mark Sylvia President and CEO	2018	620,000	612,994	376,836	137,982		1,747,812
	2017	580,000	465,566	417,716	99,499		1,562,781
	2016	571,243	532,473	382,247	104,385		1,590,348
Edward Gibson ⁽²⁾ Senior Vice President, Chief Financial Officer and Chief Actuary	2018	327,115	216,616	133,400	272,450		949,581
	2017	290,385	152,975	143,594	105,287		692,241
	2016	271,856	179,153	114,238	45,555		610,802
Sean Kilburn Senior Vice President, Retail	2018	446,538	292,036	182,000	80,946		1,001,520
	2017	425,769	231,874	209,864	97,917		965,424
	2016	382,308	248,385	161,273	84,977		876,943
Ian Hardacre ⁽³⁾⁽⁴⁾ Senior Vice President & Chief Investment Officer	2018	381,154	281,830	82,873	50,339		796,196
	2017	375,000	419,910	99,364	72,366		966,640
	2016	147,115	149,607	75,000	5,481		377,203
Steve Pong Senior Vice President, Group Solutions	2018	314,615	186,818	128,300	30,384		660,117
	2017	307,692	154,862	151,523	85,434		699,511
	2016	290,377	133,457	121,753	147,815		693,402
Ron Friesen ⁽⁵⁾⁽⁶⁾ Senior Vice President & Chief Financial Officer	2018	318,938	0	0	21,220	377,624	717,782
	2017	325,000	165,880	143,000	39,668		673,548
	2016	81,250	150,146	28,000	11,570		270,966

(1) A long-term incentive plan was introduced in 2016.

(2) Mr. Gibson was appointed Chief Financial Officer on May 1, 2018.

(3) Mr. Hardacre commenced employment on May 9, 2016.

(4) Mr. Hardacre was promoted to Senior Vice President & Chief Investment Officer on December 19, 2016.

(5) Mr. Friesen commenced employment on October 3, 2016 and received a signing bonus of \$100,112.

(6) Mr. Friesen ceased employment on April 30, 2018. The amount shown in all other compensation was paid to Mr. Friesen on his departure.

DEFINED BENEFIT PENSION TABLE⁽¹⁾

Name and Position	Years of credited service ⁽²⁾	Annual benefits payable (\$)		Accrued obligation at start of year ⁽⁵⁾ (\$)	Compensatory change ⁽⁶⁾ (\$)	Non-compensatory change ⁽⁷⁾ (\$)	Accrued obligation at year-end ⁽⁸⁾ (\$)
		at year end ⁽³⁾	at age 65 ⁽⁴⁾				
Mark Sylvia President and CEO	4.58	39,571	57,555	425,501	137,982	5,296	568,779
Edward Gibson Senior Vice-President, Chief Financial Officer and Chief Actuary	30.67	174,744	224,610	2,501,040	272,450	23,667	2,797,157
Sean Kilburn Senior Vice President, Retail	5.83	30,269	81,294	355,389	80,946	6,099	442,434
Ian Hardacre Senior Vice President & Chief Investment Officer	2.33	9,328	57,634	71,730	50,399	2,344	124,473
Steve Pong Senior Vice President, Group Solutions	21.08	123,412	163,908	1,796,148	30,384	31,642	1,858,174
Ron Friesen Senior Vice President & Chief Financial Officer	2.17	4,899	N/A	53,709	21,220	34	74,963

- (1) The same assumptions used to prepare the Company's financial statements were used to prepare this table.
- (2) Years of service reflected in calculation of pension accrued as of the end of 2018.
- (3) The pension that the executive is entitled to receive, payable at age 65, based on credited service and pensionable earnings up to December 31, 2018.
- (4) The pension that the executive is projected to receive if he remains employed until age 65, but only based on pensionable earnings up to December 31, 2018 (no projection of pensionable earnings to retirement).
- (5) The liability that the Company has accrued in respect of the pension that the executive has accrued up to December 31, 2018, based on the assumptions used to determine the pension liabilities disclosed in the financial statements as of December 31, 2018.
- (6) The increase in accrued obligation that is attributable to the executive's compensation. The key elements are the cost of the additional benefits accrued in the current year, and the impact of changes in the level of the executive's projected earnings at retirement relative to prior year assumptions.
- (7) The increase in accrued obligation that is not related to the executive's compensation, such as changes in the interest rate used to determine the accrued obligation.
- (8) The Company's obligation in respect of the pension that the executive has accrued up to December 31, 2018, based on the assumptions used to determine the pension liabilities disclosed in the financial statements as of December 31, 2018.

DEFINED CONTRIBUTION TABLE

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at end of year (\$)
Mark Sylvia	123,952	13,250	150,265
Sean Kilburn	167,861	13,250	183,193
Ian Hardacre	37,847	13,250	61,478
Ron Friesen	35,843	13,250	58,859

RETIREMENT PLANS

Empire Life maintains a registered pension plan (Plan) for Empire Life and E-L employees. The Plan has (i) a defined benefit component that covers employees hired before October 1, 2011 who did not elect to convert to the defined contribution component of the Plan on January 1, 2012, and (ii) a defined contribution component that covers employees hired on or after October 1, 2011, and all employees previously covered by the defined benefit component of the Plan who elected to convert to coverage under the defined contribution component of the Plan. The normal retirement date under the Plan is the first day of the month following attainment of age 65.

For the Named Executive Officers who are members of the defined benefit component of the Plan

Contribution rates for executives are 4% of pensionable earnings up to the yearly maximum pensionable earnings (YMPE) under the Canada Pension Plan, and 6% of pensionable earnings over the YMPE up to an annual maximum of 50% of the maximum contribution to a defined contribution pension plan under the *Income Tax Act (Canada)* (Tax Act).

The benefit for credited service is 1 7/12% of final average pensionable earnings up to the final average YMPE plus 2% of final average pensionable earnings in excess of the final average YMPE, multiplied by the number of years of credited service. Final average pensionable earnings are based on the average annual earnings while a member of the Plan, using the highest 36 consecutive months' earnings in the 10 years preceding the date of retirement or termination of employment. The final average YMPE is calculated as the average annual YMPE for the 36 months preceding the date of retirement or termination of employment. Benefits payable from the Plan are limited to the maximums permitted under the Tax Act.

The Plan has provisions for early retirement on or after attaining age 55. The benefit earned is reduced by a factor based on the number of years and months by which the early retirement date precedes the normal retirement date.

For the Named Executive Officers who are members of the defined contribution component of the Plan

Required executive contributions are 4.5% of earnings. All members may choose to make voluntary contributions of up to 1.5% in increments of 0.5% (0.5%, 1.0% or 1.5%). Mandatory and voluntary contributions are matched by the Company. All contributions are invested according to individual employee investment instructions in the investment funds made available in the Plan. The annual contribution maximum (including employer contributions) is the maximum amount permitted by the Tax Act for a defined contribution plan in the Plan year.

Annual retirement income is determined based on the contributions made to the Plan, investment earnings and market rates at the time the executive begins to receive benefits. Benefits are not guaranteed.

Supplementary Pension Plan

Benefits earned in excess of the Canada Revenue Agency maximum under the defined benefit or defined contribution component of the Plan are provided through a supplementary pension plan (SPP). The actual amount of benefits payable under the SPP is determined at the employee's retirement date. The SPP does not require any additional employee contributions.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There are employment agreements in place with each Named Executive that provide for termination benefits. There are no change of control benefits in place. All such employment agreements are for an indeterminate term and include confidentiality covenants which apply indefinitely.

The non-solicitation and non-competition covenants apply during employment and for a period of twelve months following termination for all Named Executives. All Named Executives have employment agreements that specify their entitlements in a termination without cause scenario. These entitlements, as outlined below, are conditional on the executive signing a full and final release and remaining bound by covenants in their employment agreement.

For all Named Executives, the payment in case of termination without cause is equal to 60 weeks of average annual compensation for the first two years of completed service plus three weeks of average annual compensation for every year of completed service after the second completed year of service, to a maximum of 93 weeks of average annual compensation. Payment made in a lump sum will result in an enhanced payment value equal to 6% of the base salary portion of the average annual compensation pro-rated for the number of weeks determined above. The executive may elect to have their current base salary paid as a salary continuance, with the balance paid as a lump sum with continuation of benefits for the duration of the payments.

Additionally, for all Named Executives, the executive is entitled to an amount in lieu of pro-rata bonus for the year in which the termination date occurs based on the average annual incentive compensation awarded for the preceding 36 months.

If the executive becomes re-employed or secures a consulting arrangement during a salary continuance period, severance payments will cease and a lump sum of 50% of the remaining severance payments will be paid to the executive and benefits will no longer be provided.

Average annual compensation includes an average of the base salary and annual incentive compensation for the preceding 36 months.

The following table summarizes the payments which would be owed to each Named Executive in the event of a termination without cause, assuming a termination date of December 31, 2018:

Name	Termination without Cause Payout (\$)
Mark Sylvia	1,430,944
Edward Gibson	857,672
Sean Kilburn	907,745
Ian Hardacre	707,736
Steve Pong	831,345

DIRECTORS' COMPENSATION

Board members are compensated by way of annual retainer, an additional retainer for sitting as a chair of a Board committee, and meeting attendance fees. The Board does not have a compensation committee composed entirely of independent directors. The Board periodically reviews the compensation of directors, recognizing the need for competitive compensation, as well as the risk, workload and time involved in being a director. The 2018 director fees are set out below.

Board of Directors

Annual retainer for directors	\$	40,000
Annual retainer for Chair of the Board	\$	211,150

Board Committees

Annual retainer for the Chair of the Audit Committee	\$	12,750
Annual retainer for the Chair of the Human Resources Committee	\$	12,750
Annual retainer for the Chair of the Conduct Review Committee	\$	9,000
Annual retainer for the Chair of the Risk and Capital Committee	\$	12,750
Annual retainer for the Chair of the Investment Committee	\$	9,000

<i>Meeting Attendance Fee (Board and each committee)</i>	\$	1,530
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Directors' Compensation Table

Name	Fees earned (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John F. Brierley ⁽¹⁾⁽²⁾	84,880	0	0	84,880
Mark J. Fuller ⁽¹⁾⁽³⁾	84,880	0	0	84,880
Harold W. Hillier ⁽¹⁾	70,600	0	0	70,600
Edward M. Iacobucci ⁽¹⁾	81,130	0	0	81,130
Duncan N.R. Jackman ⁽⁴⁾	211,150	0	0	211,150
Clive P. Rowe ⁽¹⁾	73,480	0	0	73,480
Stephen J.R. Smith	24,590	0	0	24,590
Mark Sylvia ⁽⁵⁾	0	0	0	0
Mark M. Taylor ⁽¹⁾	69,070	0	0	69,070
Jacques Tremblay ⁽¹⁾⁽²⁾	86,410	0	0	86,410

(1) Fees include an educational session September 25, 2018.

(2) Fees include an educational session October 16, 2018

(3) Fees include an educational session September 21, 2018

(4) The Chair of the Board does not receive meeting attendance fees.

(5) President does not receive director's remuneration.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company, together with E-L, has purchased liability insurance in the amount of \$25 million for their protection, and for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers. The deductible amount on the policy is \$1,000,000 and the Company's share of the total premium for the period from January 1, 2018 to December 31, 2018 is \$83,144.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

There is no indebtedness from any director, executive officer or employee of the Company or ELII other than routine indebtedness. Loans to employees that are fully secured against the employee's residence and do not exceed the borrower's annual salary are considered routine indebtedness.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found at www.sedar.com. This includes financial information for the year ended December 31, 2018 provided in the interim and annual financial statements and in Management's Discussion and Analysis for the year ended December 31, 2018. In addition to being available on SEDAR, copies of this information is available free of charge upon written request to the Corporate Secretary at the head office of the Company.

CERTIFICATE

The contents and sending of this Circular have been approved by the Company's Board of Directors.

DATED at Kingston, Ontario as of the 11th day of March, 2019.



Heather L. Christie
Corporate Secretary

SCHEDULE A

SPECIAL RESOLUTION OF THE DIRECTORS CONFIRMATION OF BY-LAW AMENDMENTS

BE IT RESOLVED THAT the amendments to sections 3.04 and 8.01 of By-Law No. 32, being The Amended and Restated By-law of The Empire Life Insurance Company, made by resolution of the Board of Directors on February 27, 2019, be and are hereby confirmed as follows:

“3.04 Remuneration of Directors

The aggregate of all amounts to be paid to all Directors of the Company in respect of Directors' remuneration during a financial year of the Company shall be an amount not exceeding ~~\$1,000,000~~ \$2,000,000 excluding such additional amounts as may be necessary to reimburse the Directors for their reasonable expenses properly incurred in respect of their services as Directors.

“8.01 Effective Date

By-law No. 32, other than Section ~~3.04~~ 3.04, shall take effect immediately. Section ~~3.04~~ 3.04 of this By-law No. 32 shall take effect on ~~May 3, 2018~~ May 2, 2019, provided that this By-law 32 is approved by special resolution at a meeting of shareholders and policyholders of the Company on such date, or on such other date as it is so approved.”

SCHEDULE B

MANDATE OF THE BOARD OF DIRECTORS

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

PURPOSE OF THE BOARD

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

MEMBERSHIP

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

ETHICS

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

MEETINGS

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

RESPONSIBILITIES OF THE BOARD

The Board:

Strategic Planning

1. oversees the Company's strategic planning process, including by:
 - a. requiring management to implement a strategic planning process, which establishes goals, objectives and strategies for the Company, taking into account the opportunities and risks of the business,
 - b. at least annually reviewing and approving the strategic plan prepared by management,
 - c. reviewing and approving the Company's financial objectives, plans and budgets, including capital allocations and expenditures outside the ordinary course of business, and
 - d. monitoring corporate performance against the strategic plans, including operating and capital budgets,

2. oversees significant changes to operations and strategy that may materially impact the financial status of the Company, and
3. approves acquisitions and divestitures of business operations and similar strategic investments;

Risk Management

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

Financial Management

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

Succession Planning

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

Oversight Functions

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

Culture and Ethics

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

Policyholder Rights

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

Charitable Donations

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

Pension Plan Oversight

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

Other Responsibilities

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

BOARD'S RELATIONSHIP WITH MANAGEMENT

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

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

BOARD COMMITTEES

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

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

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

BOARD GOVERNANCE

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

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