

Investment Committee Charter



May 3, 2017

| APPROVAL | |
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| Approved By: | Board of Directors |
| Approval Date: | May 3, 2017 |
| Effective Date: | May 3, 2017 |
| Responsible Person/Contact: | CFO |
| VERSION CONTROL | |
| Approved by : Investment Committee | May 3, 2017 |
| Approved by: Board of Directors | May 3, 2017 |
| Next Review Date: | Q1 2018 |

Investment Committee Charter

I. MANDATE/PURPOSE

The Investment Committee (the “Committee”) of the Board of Directors (the “Board”) of Echelon Financial Holdings Inc. (“EFH” and, including its subsidiaries, the “Organization”) shall provide assistance to the Organization by:

With respect to EFH, establishing investment policies, strategies, standards and procedures and providing advice and recommendations for consideration of the EFH Board.

With respect to Echelon Insurance (the “Company”), performing the duties specified by the Insurance Companies Act (of Canada, the “Act”) by establishing investment and lending policies, standards and procedures in accordance with section 492 of the Act-“The directors of a company shall establish and the company shall 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 to avoid undue risk of loss and obtain a reasonable return”

With respect to the other subsidiaries of EFH, providing specific technical advice and recommendations for consideration of subsidiary’s Board regarding investment strategy and policies. If appropriate, each subsidiary will have its own Investment Policy approved by the Board of the subsidiary.

II. ACCOUNTABILITIES AND RESPONSIBILITIES

(1) MANAGEMENT OF INVESTMENTS

The Committee will oversee the management of the investments of the Company and make recommendations regarding the management of the Organization’s investments.

In particular, the Committee shall:

- i. Perform the duties that are delegated to it by the Board.
- ii. Recommend to the Board a written statement of investment policies, standards and procedures, and annually review said statement and recommend changes to the Board as necessary.
- iii. Recommend to the Board for approval, or where authorized approve, other investment policies.
- iv. Recommend to the Board investment strategies for achieving the investment objectives of the Company overall, and for each asset class.
- v. Monitor interest rate risk and mitigate by duration matching the assets backing liabilities, with the liabilities.
- vi. Approve the selection and termination of external investment managers.
- vii. Require management to implement and maintain appropriate procedures to:
 - a. monitor the application of the investment policies, standards and procedures; and
 - b. ensure that the Company’s investment managers comply with the Act and the Company’s investment policies, standards and procedures.
- viii. Review, evaluate and approve management’s procedures as referred to in item 6 above.

(2) REPORTS AND RETURNS

The Committee shall provide or review, as applicable, all reports and returns required of the Committee under applicable law.

(3) ASSESSMENT OF REGULATORY COMPLIANCE

The Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under the Committee's Charter, report any material findings to the Board and recommend changes considered appropriate.

III. MEMBERSHIP AND ORGANIZATION

- (1)** *Composition* – The Committee is a standing committee of the EFH Board consisting of a minimum of three members, all of whom are EFH directors. At the invitation of the Committee, members of the Organization's management and others may attend Committee meetings as the Committee considers necessary or desirable. The quorum of the Committee is two members.
- (2)** *Appointment* – The Committee comprises of the Chair of the Committee along with a minimum of two Directors elected by the EFH Board. Each member of the Committee shall be appointed on an annual basis and shall serve at the pleasure of the EFH Board, or until the earlier of: (a) the close of the next annual meeting of shareholders of EFH, at which the member's term of office expires; or, (b) the resignation, disqualification or removal of the member from the Committee or from the EFH Board. The EFH Board may fill a vacancy in the membership of the Committee at any time.
- (3)** *Chair* – At the time of the annual appointment of the members of the Committee, the Board Chair shall appoint a Chair of the Committee. The Chair of the Committee shall: preside over all Committee meetings; coordinate the Committee's compliance with this Charter; work with management to develop the Committee's meeting agendas and annual workplan; and provide reports on the work of the Committee to the Board. The Chair of the Committee may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.
- (4)** *Independence* – Each non-management member of the Committee shall meet the independence standards established by the Board.
- (5)** *Authority* – The Committee has the authority to approve the selection and termination of external investment managers and the asset allocation framework, and to review, evaluate and approve management's procedures. The Board looks to the Committee to recommend for approval a written statement of investment policies, annually review said statement and recommend changes as may become necessary. The Board delegates to the Committee primary responsibility for certain board activities, policies and oversight functions. In that respect the Committee has authority to review, amend, and approve the policies and items listed in the attached Appendix "A" (the "Delegated Authority"). Any action taken by the Committee under the Delegated Authority is deemed to have been approved by the Board. The Committee may, if it deems necessary, recommend that the Board review and approve any item or policy for which it has delegated authority to the Committee. On a quarterly basis the Committee will advise the Board what actions were taken under the Delegated Authority.
- (6)** *Sub-Committees* – The Committee may designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

- (7) *Meetings* – The Committee will meet at least four times per year and, as required, to carry out the terms of this Charter, and will meet at the request of the Board or management to review any proposed matters as required. The Chair of the Committee may call a meeting of the Committee at any time.
- (8) *Notice of a meeting* – of the Committee shall be given to each member of the Committee. Notice of each meeting of the Committee shall be given to the Chair of the Board (if not a member of the Committee) and to the Chief Financial Officer, who shall be entitled to attend at the meeting. The Committee will however have the right to meet without the presence of officers or employees of the Organization. The Committee may, from time to time, invite such persons as it may see fit to attend its meeting and to take part in discussion and consideration of the affairs of the Committee.
- (9) *Secretary and Minutes* – The Corporate Secretary, his or her designate or any other person the Committee requests, shall act as secretary of Committee meetings. Minutes of Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Committee for approval at the next meeting.
- (10) *Reporting* – The Chair shall report to the Board on material matters arising at Committee meetings and, where applicable, shall present the Committee's recommendations to the Board.
- (11) *Annual Schedule* – The Committee will adopt an annual schedule of activities at its first meeting following the election of its members each year.
- (12) *Charter Review and Work Plan* – The Committee will annually review the Committee Charter and Work Plan and recommend changes to the EFH Board as required.

REFERENCE DOCUMENTS AND ATTACHMENTS

Board Mandate
Workplan

APPENDIX "A"
DELEGATED AUTHORITY

The Board has delegated to the Investment Committee the authority to annually review, amend as necessary and approve the following:

Committee Work Plan
Securities Lending Policy