



## Manulife Financial Corporation (the "Company")

### Risk Committee Charter

#### 1. Overall Role and Responsibility

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- 1.1 The Risk Committee (the "Committee") is responsible for assisting the Board in its oversight of the Company's management of its Principal Risks (as defined below), including:
- (i) Reviewing the Principal Risks and assessing whether the key risks of the Company have been identified;
  - (ii) Reviewing, and approving if appropriate, management's recommended policies, procedures and controls used to identify, assess and manage the Company's principal risks;
  - (iii) Assessing the Company's programs, procedures and controls in place to manage its Principal Risks; and
  - (iv) Reviewing the Company's compliance with its risk management policies.

#### 2. Definitions

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- 2.1 "Act" shall mean the *Insurance Companies Act* (Canada).
- 2.2 "Principal Risks" means the key risks of the Company which include a broad range of risks such as market, credit, insurance and operational risks, excluding risks related to regulatory compliance, anti-money laundering and anti-terrorist financing risks, which are the responsibility of the Audit Committee.

#### 3. Composition

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- 3.1 The Committee shall consist of five or more Directors appointed by the Board on the recommendation of the Corporate Governance and Nominating Committee. Committee members shall:
- (a) Not be an officer or employee of the Company, its subsidiaries or affiliates;
  - (b) Not be affiliated with the Company as such term is defined in the Act; and
  - (c) Be independent as described in Canadian securities laws.

3.2 Members of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine.

3.3 The Board will designate one member of the Committee as the Committee Chair.

#### 4. Structure, Operations and Assessment

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4.1 The Committee will meet quarterly or more frequently as the Committee may determine. The Committee will report to the Board on its activities after each of its meetings.

4.2 The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.

4.3 The Committee may create one or more subcommittees and may delegate, in its discretion,

all or a portion of its duties and responsibilities to such subcommittees.

#### 4.4 The Committee shall, on an annual basis:

- (a) review and assess the adequacy of this Charter and, where necessary, recommend changes to the Board for its approval;
- (b) undertake a performance evaluation of the Committee comparing the performance of the Committee with the requirements of this Charter; and
- (c) report the results of the performance evaluation to the Board.

The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or other member of the Committee.

## 5. Specific Duties

### 5.1 Oversight of Risk Management

- (a) The Committee will review management's recommendation for the Company's risk appetite and Enterprise Risk Policy (at least annually) and upon agreement will recommend them to the Board for approval.
- (b) The Committee will review and if in agreement approve the following:
  - (i) Transactional risk taking authorities delegated to management and any transactions exceeding those delegated authorities (at least annually).
  - (ii) Risk management policies, to ensure they remain appropriate to effectively identify, assess and manage the Company's Principal Risks, in light of changing circumstances and in light of how the policies and practices have performed.
  - (iii) The risk limits for Principal Risks, as appropriate, delegated to management, any exposures exceeding those delegated limits and the risk response plans to manage exposures as appropriate.
- (c) The Committee will review:
  - (i) Reports, presentations and other information presented by the Chief Risk Officer, Chair of the Risk Disclosure Committee and other members of management related to the Company's programs, procedures and controls in place to manage its Principal Risks and economic capital adequacy (at least annually).
  - (ii) Reports from the Chief Auditor, relating to the adequacy of the Company's procedures and controls to manage its Principal Risks, together with management's responses and relating to the effectiveness of the Company's programs, procedures and controls to manage its Principal Risks (at least annually).
  - (iii) Reports, presentations and other information related to the Company's Principal Risk exposures, economic capital adequacy and trends as identified by management (quarterly).
  - (iv) Reports from management providing reasonable assurance that the Company's risk management policies for Principal Risks are being complied with, and for instances where they are not being complied with, review and approve requests for exceptions or recommended remedial action plans (at

least annually).

- (v) Reports, presentations and other information presented by the Chief Risk Officer relating to the adequacy and independence of the Company's risk data aggregation and reporting practices.
  - (vi) Reports from management on the impact of incentive compensation on risk taking.
  - (vii) The risk impact of business plan and new business initiatives, including consistency with the approved risk appetite and related risk management and controls.
  - (viii) Assessments and reports from management evaluating the Company's risk culture.
- (d) The Committee will meet with the Chief Actuary to review reports from the Chief Actuary as required by the Act, including the report on the Financial Condition Testing (formerly the Dynamic Capital Adequacy Testing), which is also reviewed by the Audit Committee.
  - (e) The Committee will receive reports on the Business Continuity Program and the Information Services Risk Management Program, which includes Information Security, Global Privacy Risk Management and the Outsourcing Policies.
  - (f) Review and recommend the insurance limits for the Company's Financial Institutions Bond to be established in compliance with the Protection of Assets (Insurance Companies) Regulation of the *Insurance Companies Act (Canada)*, for approval by the Board.
  - (g) The Committee will review the plan developed as a result of the regulated exercise to identify stress scenarios and identify a recovery plan to rebuild capital to the required level. The review will take place at least triennially, or more frequently, if required.

## 5.2 Oversight of Group Risk Management function

- (a) The Committee shall oversee the Group Risk Management function of the Company, including reviewing and approving the mandate of the Chief Risk Officer and the Group Risk Management function at least annually.
- (b) The Committee shall satisfy itself that the Group Risk Management function has adequate resources and independence to perform its responsibilities. The Committee shall, at least annually, review and approve the Group Risk Management function's budget, structure, skills and resources.
- (c) At least annually, review the performance evaluation of the Chief Risk Officer, with the input of the Management Resources and Compensation Committee, and assess the effectiveness of the Group Risk Management function and Chief Risk Officer.
- (d) The Committee shall recommend to the Board for approval the appointment and, when considered appropriate, the dismissal of the Chief Risk Officer of the Company, who shall have direct access to the Committee.
- (e) Review the results of periodic independent reviews of the Group Risk Management function.

## 5.3 In Camera Meetings

The Committee will meet in camera at least annually, or more frequently, as required, with the Chief Risk Officer and other members of management, as the Committee requires.

#### **5.4 Proxy Circular**

The Committee shall prepare a report on its activities on an annual basis to be included in the Proxy Circular, as may be required by applicable laws or rules of applicable securities regulatory authorities.

#### **5.5 Other Duties and Responsibilities Delegated by the Board**

The Committee will perform such other duties and responsibilities as may from time to time be delegated to the Committee by the Board of Directors.

#### **6. Funding for the Retention of External Advisors**

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The Committee shall have the authority to retain such external advisors as it may deem necessary or advisable for its purposes and to set the terms of the retainer. The expenses related to any such engagement shall be funded by the Company.