

## **E-L FINANCIAL CORPORATION LIMITED**

### **MANDATE OF THE AUDIT COMMITTEE**

#### **AUTHORITY**

Primary responsibility for the Company's financial reporting, accounting and financial reporting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The Audit Committee shall have unrestricted access to the external auditors, Company personnel and documents, and shall be provided with the resources necessary to carry out its responsibilities, including the authority to conduct or authorize investigations into any matters within its scope of authority and to obtain advice and assistance in the conduct of investigations from independent counsel, accountants or other professional advisors at the Company's expense.

#### **STRUCTURE AND OPERATION**

1. The Audit Committee shall be appointed by the Board of Directors.
2. The Audit Committee shall consist of at least three directors.
3. All members of the Audit Committee must be independent and financially literate within the meaning of the Canadian Securities Administrators Multilateral Instrument 52-110.
4. Members of the Audit Committee shall be appointed by the Board of Directors to serve one-year terms. The Chair and members may serve any number of consecutive terms.
5. Members of the Audit Committee shall meet at least four times per year and may call additional meetings at their discretion and may call a meeting of the Board of Directors to consider any matter of concern to the Audit Committee. The external auditor shall receive a notice of all meetings and is entitled to attend and be heard. Quorum for a meeting of the Audit Committee is a majority of members. Decisions of the Audit Committee shall be determined by a majority vote.
6. The Audit Committee shall annually review its mandate and the Committee's effectiveness in fulfilling its responsibilities as set out in its mandate.

#### **RESPONSIBILITIES OF THE COMMITTEE**

The Audit Committee shall:

##### **Financial Statements and Other Financial Information**

1. Review and recommend for approval by the Board the following:

- a. Annual Consolidated and Corporate (unconsolidated) Financial Statements, and Interim Consolidated Financial Statements, of the Company;
- b. Annual Report;
- c. Annual and Interim Management's Discussion and Analysis;
- d. Press releases disclosing financial results;
- e. Annual Information Form;
- f. Management Information Circular; and
- g. Such other documents, statements or filings which may be required by applicable law to be reviewed by the Audit Committee, or which the Board of Directors may, by resolution, determine shall be so reviewed.

This review shall include discussing with management matters such as the selection of accounting policies, accounting judgments, accruals and estimates.

2. Be advised by management regarding and, where considered appropriate, review the processes that make possible the certification by the CEO and CFO of information to be included in the annual and interim filings of the Company.
3. Be satisfied that there are adequate procedures in place for assessing the reliability of the Company's public disclosure of financial information extracted or derived from the financial statements.

### **External Auditors**

1. Have responsibility for the oversight of the external auditors, who report directly to the Audit Committee.
2. Recommend to the Board of Directors:
  - a. the external auditor to be nominated for the purpose of preparing or issuing an Auditor's Report or performing other audit, review or attest services for the Company; and
  - b. the compensation of the external auditor.
3. Review the planning and results of the external audit, including:
  - a. the auditor's engagement letter;
  - b. the reasonableness of the estimated audit fees;
  - c. the audit plan;

- d. the form of the audit report;
  - e. the post-audit letter of recommendations to management together with management's response;
  - f. any other audit-related engagements;
  - g. assessing the auditor's performance; and
  - h. meeting privately with the auditors to discuss pertinent matters.
4. Pre-approve all non-audit engagements and services to be provided to the Company or its subsidiaries by the external auditors in accordance with the Policy and Procedure for Approval of Audit and Non-audit Services by the External Auditors.

### **Financial Reporting and Accounting Systems and Controls**

1. Be satisfied that there is an appropriate control framework and that internal controls are operating effectively.
2. Obtain reasonable assurances from discussions with and/or reports from management, and reports from external and internal auditors, that the Company's internal controls are reliable and are operating effectively.
3. Review control weaknesses identified by the external auditors, together with management's response.
4. Review the appointments and dismissal of key financial executives.
5. Approve procedures for processing complaints regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees, and review annual reports from the General Counsel summarizing all concerns opened, investigated and resolved since the previous report; and
6. As appropriate review compliance with and approve any changes to the following policies:
  - a. Corporate Disclosure Policy;
  - b. Extracted Financial Information Policy and Procedures;
  - c. Policy and Procedure for Approval of Audit and Non-audit Services by the External Auditors; and
  - d. Policy regarding the Hiring of Partners and Employees of Current and Former External Auditors and the Company.

### **REPORTING**

The Audit Committee shall report to the Board following each meeting of the Audit Committee.