

# E-L FINANCIAL CORPORATION LIMITED

## MANAGEMENT INFORMATION CIRCULAR

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**E-L FINANCIAL CORPORATION LIMITED**  
**MANAGEMENT INFORMATION CIRCULAR**

**PROXY SOLICITATION**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF E-L FINANCIAL CORPORATION LIMITED (HEREINAFTER, “E-L”, “E-L FINANCIAL” OR THE “COMPANY”) FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS OF THE COMPANY TO BE HELD AT VANTAGE VENUES, CALEDONIA ROOM, 150 KING STREET WEST, 27<sup>TH</sup> FLOOR, TORONTO, CANADA, ON THURSDAY, MAY 9, 2019, AT 11:30 A.M. TORONTO TIME.**

The Notice of Meeting, this Management Information Circular, the form of proxy and the 2018 Annual Report (collectively, the “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. Computershare Investor Services Inc. (“Computershare”), the Company’s transfer agent, mails meeting materials to registered shareholders. Broadridge Investor Communications Solutions (“Broadridge”), the service company for most intermediaries (as further described on the following page), distributes meeting materials to all non-registered shareholders who have requested the meeting materials.

The currency date of the information contained in this information circular, unless otherwise specified, is March 5, 2019.

**VOTING SHARES**

Only registered holders (or their proxy holders) of the Series A Convertible Preference Shares (“Series A Preference Shares”) or Common Shares of the Company of record at the close of business on March 12, 2019 will be entitled to vote at the meeting.

There are issued and outstanding in the aggregate 258 Series A Preference Shares and 4,019,409 Common Shares in the capital of the Company, and each share is entitled to one vote.

**PRINCIPAL HOLDERS OF VOTING SHARES**

To the knowledge of the directors and senior officers of the Company, the only persons or corporations who beneficially owns, or controls or directs, directly or indirectly, more than 10% of such voting shares of the Company are Dominion and Anglo Investment Corporation Limited which owns 1,466,293 or 36.45% of the Common Shares and Canadian & Foreign Securities Co. Limited which owns 508,758 or 12.66% of the Common Shares.

**VOTING IN PERSON**

If you are a registered shareholders 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, Computershare, 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 the non-registered shareholder’s behalf) must complete the form of proxy, described under “Non-Registered Shareholders” by striking out the name of the persons named in the proxy and writing the name of the person who will attend and vote in the blank space provided.

## VOTING BY AND DEPOSIT OF PROXIES

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

The form of proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of the Annual Meeting and other matters which may properly come before the meeting. **The persons named in the enclosed form of proxy will vote the 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 such instructions, such shares will be voted for the election of the persons named herein as proposed nominees for election as directors, for the reappointment of PricewaterhouseCoopers LLP as auditors of the Company and for authorization of the directors to fix the remuneration of the auditors. Management is not aware of any amendments, variations, shareholder proposals or other matter to be presented for action at the meeting, other than those disclosed in the Notice of Annual Meeting. However, if any such amendment, variation, shareholder proposal, or other matter should properly come before the meeting, the shares represented by proxies in favour of the management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.**

**A shareholder has the right to appoint a person to attend and to act for him and on his behalf at the meeting other than the management nominees designated in the form of proxy.** This right may be exercised by striking out the names of Duncan N.R. Jackman and Mark M. Taylor where they appear on the front of the form of proxy and inserting such other person's name in the blank space provided.

A proxy to be voted at the meeting must be received by (i) the Corporate Secretary of the Company at or prior to the commencement of the meeting (or any postponement or adjournment thereof) or (ii) Computershare, attention Investor Services at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 not later than two business days before the meeting (or any postponement or adjournment thereof).

## NON-REGISTERED SHAREHOLDERS

In many cases, the Common or Series A Preference Shares of the Company beneficially owned by a holder (a "non-registered shareholder") is registered either:

- (a) in the name of an intermediary (an "Intermediary") that the non-registered shareholder deals with in respect of the 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 The Canadian Depository for Securities Limited 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 the non-registered shareholders to direct the voting of the shares they beneficially own. Non-registered shareholders should follow the procedures set out below, depending on which 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 the non-registered shareholder's 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](http://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 the non-registered shareholder's 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 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 the non-registered shareholder's behalf), the non-registered shareholder must complete the form of proxy and deposit it with the Company at 165 University Avenue, 10<sup>th</sup> Floor, Toronto, Ontario M5H 3B8. If a non-registered shareholder wishes to attend and vote at the meeting in person (or have another person attend and vote on the non-registered shareholder's behalf), the non-registered shareholder must strike out the name of the persons named in the proxy and insert the non-registered shareholder's (or such other person's) name in the blank space provided.

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

## **REVOCACTION**

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 Computershare or the Company as described earlier; or
- (b) depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing: (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the meeting, or any postponement or adjournment of the meeting, at which the proxy is to be used, or (ii) with the Chairman prior to the commencement of the meeting on the day of the meeting or any adjournment of the meeting; 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 materials and to vote that is not received by the Intermediary at least seven days prior to the meeting.

## MATTERS FOR CONSIDERATION OF SHAREHOLDERS

### ELECTION OF DIRECTORS

On March 5, 2019, the Board fixed the number of directors to be elected at the Annual Meeting of Shareholders to be ten. As a result, a Board of ten directors is to be elected at the Annual Meeting of Shareholders to serve until the next Annual Meeting or until their successors are elected or appointed. 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 directors. If any of the proposed nominees should for any reason be unable to serve as a director of the Company, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion, unless the shareholder has specified in the proxy that the shares are to be withheld from voting in the election of directors. Each nominee resides in Ontario, Canada with the exception of Mr. C.P. Rowe who is resident in Florida, U.S.A.. The Company does not have an executive committee of its Board of Directors. The information set out in the following table is provided as at March 5, 2019.

<u>Name</u>	<u>Present Principal Occupation</u>	<u>Director Since</u> <sup>(1)</sup>	<u>Holdings of Common Shares</u> <sup>(2)</sup>
James F. Billett <sup>(3)</sup>	President J.F. Billett Holdings Limited	May 2007	nil
Michael J. Cooper	President and Chief Responsible Officer Dream Unlimited Corp.	May 2014	300
William J. Corcoran	Corporate Director	July 1997	200
Duncan N.R. Jackman	Chairman of the Board, President and CEO E-L Financial Corporation Limited United Corporations Limited Economic Investment Trust Limited	April 1997	3,826
The Hon. Henry N.R. Jackman <sup>(4)</sup>	Honorary Chairman The Empire Life Insurance Company	January 1997	5,687
M. Victoria D. Jackman	Executive Director Hal Jackman Foundation	May 2018	185
R.B. Matthews <sup>(3)</sup>	Chairman of the Board Longview Asset Management Ltd.	May 2010	200
Clive P. Rowe	Partner Oskie Capital	May 2014	nil
Stephen J.R. Smith	Co-Founder, Chairman, President and CEO First National Financial LP	May 2018	nil
Mark M. Taylor	Treasurer, Canadian Northern Prairie Lands Company Inc.	May 2003	200

(1) Each proposed nominee who is stated to have been a director since a specified year has served continuously from the year indicated. The Hon. H.N.R. Jackman previously served as a director from 1968 to 1991. Mr. C.P. Rowe previously served as a director from 2000 to 2003.

(2) None of the nominees holds Series A Preference Shares.

(3) The Company is required to have an Audit Committee. Members of the Audit Committee are Messrs. Barron, Billett (Chair) and Matthews. Mr. Barron passed away on February 1, 2019, and the resulting vacancy on the Audit Committee will be filled at the Company's May meeting.

(4) Companies in which The Hon. Henry N.R. Jackman has an indirect interest, control, in the aggregate, 2,926,009 or 72.8% of the outstanding Common Shares of the Company. Although The Hon. Henry N.R. Jackman is associated with some of these companies, he does not control any of them and, accordingly, does not have beneficial ownership of the Common Shares of the Company held by them.

## 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 PricewaterhouseCoopers LLP as auditors of the Company and the authorization of the Board of Directors to fix their remuneration. A majority of votes cast is required to reappoint the auditors. The management of the Company has been informed that no member of the firm has any direct or indirect financial or other interest in the Company.

## CORPORATE GOVERNANCE DISCLOSURE

### BOARD OF DIRECTORS

The Company applies the independence rules under National Instrument 52-110. In 2018, the independent directors were Messrs. Barron, Billett, Cooper, Corcoran, Matthews, Smith and Taylor.

The directors who are not independent are Mr. Duncan N. R. Jackman, The Hon. Henry N.R. Jackman, Ms. M. Victoria D. Jackman and Mr. Clive P. Rowe. Mr. Duncan N.R. Jackman is an executive officer of the Company. The Hon. H.N.R. Jackman is the father of Mr. Duncan N.R. Jackman. Ms. Jackman is a sister of Mr. Duncan N.R. Jackman. Mr. Rowe is a partner of an investment management firm which has received compensation from the Company in the last three years.

The majority of directors are independent. Each of the independent directors makes a significant contribution to the Company, and has discharged his responsibilities with a view to the best interests of the Company. The independent members of the Board have the opportunity to meet without management present. Independent Board members are strongly encouraged to contribute freely to any Board or Audit Committee discussion, and to reach out to the Chairman of the Board or Audit Committee at any time to raise issues for discussion with the full Board or with independent members of the Board. Accordingly, the Board has not found it necessary to formalize structures or procedures to address the independence of the Board from management. Should all of the proposed directors be elected at the Annual Meeting, a majority of directors will be independent.

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

DIRECTOR	REPORTING ISSUER
James F. Billett	Canadian General Investments, Limited
Michael J. Cooper	Dream Global Real Estate Investment Trust Dream Industrial Real Estate Investment Trust Dream Office Real Estate Investment Trust Dream Unlimited Corp.
William J. Corcoran	Economic Investment Trust Limited Labrador Iron Ore Royalty Corporation
Duncan N.R. Jackman	Algoma Central Corporation Dream Global Real Estate Investment Trust Dream Unlimited Corp. The Empire Life Insurance Company First National Financial Corporation Labrador Iron Ore Royalty Corporation
M. Victoria D. Jackman	Economic Investment Trust Limited
Clive P. Rowe	Algoma Central Corporation The Empire Life Insurance Company
Stephen J.R. Smith	First National Financial Corporation First National Financial LP
Mark M. Taylor	Economic Investment Trust Limited The Empire Life Insurance Company United Corporations Limited

The independent directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance. The small size of the Board helps to create an atmosphere conducive to candid and open discussion among all directors. The Chairman of the Board is not an independent director and the Board does not have a lead independent director. The Chairman provides leadership to all directors. Individual directors may engage an external advisor at the expense of the Company in appropriate circumstances.

The attendance for each director is shown in the following table.

Director	Board Meetings Attended	Audit Committee Meetings Attended
J. Christopher Barron	3/4	3/4
James F. Billett	4/4	4/4
Michael J. Cooper	4/4	--
William J. Corcoran	4/4	--
Duncan N.R. Jackman	4/4	--
The Hon. Henry N.R. Jackman	4/4	--
M. Victoria D. Jackman	4/4	--
R.B. Matthews	4/4	4/4
Clive P. Rowe	4/4	--
Stephen J.R. Smith	2/4	--
Mark M. Taylor	4/4	--

Note: the number of meetings for Ms. Jackman and Mr. Smith reflects that they were not board members for the full calendar year.

**BOARD MANDATE**

The purpose of this mandate (“Mandate”) 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 the Audit Committee. Any responsibility which 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 as provided for in the Company’s constating documents and in accordance with applicable law. From time to time, the Board shall review its size and membership to ensure that it facilitates effective decision-making by the Board in the fulfillment of its responsibilities.

**Ethics**

Board members shall act in accordance with applicable law and the Company’s Articles and By-laws. Board members shall 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, a director or officer shall promptly inform the

Secretary of the Company or the Board in accordance with the By-laws and shall 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 shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. Quorum for the transaction of business at any Board meeting is 2/5 of the number of directors. Meeting agendas shall be developed in consultation with the Chair. Board members may propose agenda items through communication with the Chair. At the discretion of the Chief Executive Officer or Board, members of management and others may attend Board meetings.

## **Responsibilities of the Board**

The Board is responsible for:

1. Overseeing the Company's business and operations.
2. Overseeing the identification and management of the principal risks of the Company's businesses.
3. Monitoring the integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems.
4. Approving acquisitions and divestitures of business operations and similar strategic investments.
5. Overseeing management succession planning, including appointing, monitoring the performance of, and determining the compensation of senior executives and the Chief Executive Officer of the Company.
6. Ongoing refinement and disclosure of the Company's principles and approach to corporate governance, including establishing position descriptions for the Chairman, President and Chief Executive Officer, assessing the effectiveness of the Board, Audit Committee and individual directors, and the nomination for election and orientation of new directors.
7. Being satisfied with the integrity of the Chief Executive Officer and other executive officers and that these officers are creating a culture of integrity throughout the Company.

## **The Board's Relationship with Management**

The Board 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 operating effectively and independently and, therefore, the Board requires timely and accurate reporting from management and has complete access to management for the purpose of carrying out its duties.

## **Board Committees**

Subject to limits on delegation contained in the By-laws 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 Audit Committee is the only standing committee established by the Board. The constitution and responsibilities of the Audit Committee are set out in its mandate. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.

## **POSITION DESCRIPTIONS**

The Board has developed a written position description for the Chairman, President and Chief Executive Officer. The Board has not developed a written position description for the Chair of the Audit Committee. The Audit Committee consists of three directors and its responsibilities are set out in its mandate, which is disclosed in the Annual Information Form of the Company, which is available at [www.sedar.com](http://www.sedar.com) ("SEDAR"). Members of the Audit Committee work as a team to discharge the responsibilities of the Committee.

## **ORIENTATION AND CONTINUING EDUCATION**

Management provides new directors with a comprehensive package of information dealing with matters such as corporate governance, Company By-laws, board administration, directors and officers insurance, the Company's disclosure record, as well as material corporate policies and codes. Management and existing Board members contribute to the orientation of new directors as to the business of the Company and the operating subsidiaries, as appropriate.

The Board does not provide a pre-set programme 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.

## **ETHICAL BUSINESS CONDUCT**

The Board has adopted a written code of conduct for directors, officers and employees (the "Code of Conduct") which has been posted on SEDAR. Each year all directors, officers and employees confirm compliance with the Code of Conduct. In addition to the Code of Conduct, to further encourage and promote a culture of ethical business conduct, the mandate of the Board 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 the Company. In addition, the terms of reference for directors establish standards for a director's character, and expectations regarding his or her conduct. These standards and expectations also are applied to proposed nominees as part of the nomination process.

The mandate of Board requires the director or officer to inform the Secretary or the Board of any actual or potential conflict of interest and to refrain from voting or participating in discussion of the matter. The fact that the director has abstained from voting is noted in the minutes.

## **NOMINATION OF DIRECTORS**

The Board works as a team to identify qualified individuals and propose nominees for the Board for the next annual meeting of shareholders. The Board performs this function in consultation with external advisors, as necessary, and with reference to a number of factors, including the character and size of the Board and the nature of the Company's business. Following from this analysis is an understanding by the Board of the competencies, skills and level of commitment needed in any proposed nominee.

The Board does not have a nominating committee composed entirely of independent directors. The Board believes that its nomination process, described above, is effective.

## **MAJORITY VOTING POLICY**

The Board has adopted a majority voting policy to apply to uncontested elections of directors. If the number of shares withheld exceeds the number of shares voted in favour of a nominee then the nominee shall be considered not to have received the support of the shareholders. The nominee will submit his or her resignation and the Board's decision to accept or reject the resignation will be publicly disclosed. Should the resignation be accepted, the Board may choose to leave the vacancy on the Board until the next annual general meeting, or fill the vacancy through the appointment of a new director who the Board considers appropriate.

## **COMPENSATION**

The Boards of E-L and its subsidiaries, The Empire Life Insurance Company ("Empire" or "Empire Life") and United Corporations Limited ("United"), determine the compensation for their respective directors and executive officers. The approach to determining the compensation for directors and executive officers is disclosed in the Statement of Executive Compensation.

E-L Financial's Board does not have a compensation committee composed entirely of independent directors. The Board determines the compensation of two of the Named Executive Officers from the Company. Consistent with

the approach required for all conflicts of interest, these executive officers do not participate in the Board's deliberations concerning their compensation and to ensure objectivity the majority of the deciding Board members are independent. Compensation policies for executive officers of Empire Life (including those Named Executive Officers that are executive officers of Empire Life) are the responsibility of the Board of Empire Life. In the case of Empire Life, its Human Resources Committee recommends to its Board compensation for its executives. Further information relating to the responsibilities of the Human Resources Committee is found in the Statement of Executive Compensation.

## **OTHER BOARD COMMITTEES**

The only standing committee of the Company's Board is the Audit Committee.

## **ASSESSMENTS**

The Board, Audit Committee and individual directors are assessed annually with respect to their effectiveness and contribution; however, the opportunity for more frequent and informal discussion of such matters is ongoing. The Chairman facilitates the assessment process. The Board and the Audit Committee are assessed with reference to the responsibilities set out in their respective mandates. A similar process is in place to assess the effectiveness of individual directors, except that individual directors are assessed in relation to the terms of reference for directors.

## **BOARD EFFECTIVENESS AND RENEWAL**

E-L Financial has not adopted term limits for Board members however the membership of the Board has changed over time given the changing nature of the business of the Company. The skills and needs of the Board are evaluated as part of the assessment process.

E-L Financial 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 skills and needs of the Board.

E-L Financial's human resources goal (which applies to its operating subsidiary, Empire Life; United has only one employee who is the sole executive officer, the President) at the board, executive level and throughout management, is to recruit and retain the most qualified person for any position. E-L Financial does not have a written policy relating to the identification and nomination of women directors, and has not adopted a target regarding women on the issuer's 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. M. Victoria D. Jackman is the only female director at E-L Financial, and there are no executive officers who are women. There is one female director nominee at Empire Life. At Empire Life 21% of its executives are women (6 of 28).

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

The Boards of E-L, Empire Life and United determine the compensation for their respective directors and executive officers. E-L Financial's Board determines the compensation for Mr. Duncan N.R. Jackman and Mr. Scott F. Ewert, two of the Named Executive Officers. The three remaining Named Executive Officers are executives of Empire Life. Mr. Mark Sylvia is the President and Chief Executive Officer; Mr. Sean Kilburn is Senior Vice President, Retail; and Mr. Ian Hardacre is Senior Vice President and Chief Investment Officer.

#### **Chief Executive Officer, E-L Financial**

Mr. Jackman receives compensation in the form of salary and pension as enumerated in the Summary Compensation Table.

## Other Named Executive Officers

The objective of the Boards of E-L and Empire Life with regard to executive compensation is to provide a compensation package that will attract, retain and motivate qualified and experienced executives. The Boards take 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 Boards as part of this process. The companies do not benchmark to any particular companies, but use as a resource compensation surveys of insurance and other financial services companies performed by human resource consulting companies.

The Human Resources Committee of Empire Life assists its Board in overseeing human resources practices, including executive compensation and Board compensation.

In 2018 the members of Empire's Human Resources Committee were: Messrs. Mark J. Fuller, Edward M. Iacobucci, Jacques Tremblay and Mark M. Taylor. All members of the Human Resources Committee are independent and have direct experience in their current or previous employment relevant to their responsibilities in executive compensation for Empire Life. All members of the Human Resources Committee have direct experience dealing with senior executive compensation other than with the Company and Empire Life. 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 pension, benefits, and monitoring succession planning. Members are appointed for a one year term, and the Committee has the following operating features: the Committee shall consist of at least three members, none of whom are employed by the subsidiary; the Board shall appoint a chair; a majority shall constitute quorum; meetings will be held at least once yearly; and once yearly the Committee shall discuss its performance and effectiveness at fulfilling its mandate.

The compensation policies for the other Named Executive Officers at E-L Financial and Empire Life are straightforward. For both companies, executive compensation is composed of base salary, annual bonus, pension and a long term incentive program. A long term incentive plan was introduced at Empire Life in 2016, and in March of 2018, E-L Financial's board approved of a long term incentive program for certain of its executives including Duncan N.R. Jackman and Scott F. Ewert. With respect to both annual and long term incentive compensation, executive officers who have a broad scope of responsibility and ability to influence corporate performance have a higher variable compensation component. The bonus may also reflect the achievement of short term objectives and other accomplishments within the context of longer-term business strategies. For some Named Executive Officers, bonuses are determined within a range, and where such a range applies the target bonus is approximately two-thirds of the maximum.

### Empire Life

At Empire, 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 (a) various segregated funds relative to the segregated fund universe over one, three and five year time horizons; and (b) the Company assets relative to external benchmarks over one, three and five year time horizons (overall performance target 65%, maximum 150%).

### *Long-Term Incentive Plan*

The Empire 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 Empire 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 at 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.

## **E-L Financial**

### *Salaries*

The base salary of an executive is reviewed annually and is based on market salary information and on the executive's responsibility, experience and performance. At E-L Financial this review is performed by its Board. For Empire Life, the Human Resources Committee performs the salary review for its Chief Executive Officer and for its other executives, the Human Resources Committee reviews their salaries based on the recommendations of the Chief Executive Officer. Upon the recommendations of its Human Resources Committee, the Board of Empire Life determines the compensation for its executives.

### *Short-term incentive plan*

Annual bonuses are established at the discretion of its Board. Bonus awards are determined subjectively, however, in determining annual bonuses, each Board takes into consideration the company's performance relative to expected business results and the Board's assessment of the executive's contribution to the company and corporate results. The Board does not rely heavily on performance measures for determining bonuses, and bonuses are not generated by a formula based on performance measures. However, certain performance measures are considered

as a guidepost in assessing an executive's performance and contribution. There is no specific performance measure used by E-L.

#### *Long Term Incentive Plan*

In March of 2018, the Board of Directors of the Company approved a Long-Term Incentive Plan ("LTIP") intended to enable the Company to recruit and retain highly qualified officers; to provide those persons with an incentive for productivity and an opportunity to share in the growth and value of the Company; and to align the interests of the participants under the LTIP ("Participants") with those of the shareholders of the Company. The Company may grant two forms of awards under the LTIP: Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs").

#### *Eligibility*

Executive officers of the Company are eligible to be granted awards under the LTIP on an annual basis (or upon becoming an executive officer), which shall be granted in the first quarter of each financial year of the Company. Annual awards granted pursuant to the LTIP shall be based on "target" award amounts established by the Board for each individual Participant, which target award amounts shall be determined in the context of such Participant's total compensation. The grant and amounts of the awards are subject to approval by the Board.

The following is a summary of the two forms of awards that can be granted under the LTIP:

#### *Restricted Share Units*

If awarded a grant of RSUs under the LTIP, a Participant shall receive such number of RSUs as is equal to the dollar amount of the award, divided by the "fair market value" of one common share of the Company on the date of such grant. Each RSU will represent the right to receive from the Company, after fulfillment of any applicable conditions, a distribution from the Company in an amount equal to the fair market value of one common share on the third anniversary of the grant date (the "RSU Vesting Date"). RSUs will be settled in cash.

For the purposes of the LTIP, "fair market value" of the common shares of the Company on a particular date means the volume-weighted average trading price of the common shares on the TSX for the 10 trading days prior to that date.

#### *Deferred Share Units*

If awarded a grant of DSUs under the LTIP, a Participant shall receive such number of DSUs as is equal to the dollar amount of such award, divided by the fair market value of one common share of the Company on the date of such grant. Each DSU will vest on the fifth anniversary of the grant date (the "DSU Vesting Date") and will represent the right to receive from the Company, on a deferred payment basis, a distribution from the Company in an amount equal to the fair market value of one common share of the Company on the date the Participant ceases to be an employee or officer of the Company or its affiliates, being the "Payment Calculation Date". DSUs will be settled in cash and are only payable once the Participant ceases to be an employee or officer of the Company or its affiliates.

Generally, for both the RSUs and DSUs, the distribution may be other than as stated above under certain conditions including: (i) if the Participant is no longer an officer by reason of his or her death, the Payment Calculation Date and RSU Vesting Date is the date of a Participant's death; (ii) if the Participant is no longer an officer by virtue of the Participant's disability, unvested RSUs and DSUs shall continue to vest in accordance with the plan terms, however for vested DSUs, the Payment Calculation Date is the disability date and for unvested DSUs the Payment Calculation Date is the next applicable vesting date for such DSUs; (iii) if the Participant resigns or is terminated for cause, the Payment Calculation Date is the date of a Participant's resignation or termination, as applicable, only in respect of any vested DSU's held by a Participant, and all unvested RSUs or DSUs are automatically forfeited; (iv) if a Participant ceases to be an officer of the Company as a result of an "approved retirement" the Payment Calculation Date for vested DSUs will be the date of retirement, and unvested RSUs will continue to vest and be paid out in accordance with their terms and unvested DSUs shall continue to vest in accordance with the plan terms, however for unvested DSUs the Payment Calculation Date will be the next applicable vesting date for such DSUs; (v) if a Participant ceases to be an officer of the Company by reason of termination without cause or resignation for good reason, and such termination or resignation occurs within 12 months following a change of control, any RSUs or DSUs held by such Participant that are unvested at the time of such Participant's termination or resignation will

automatically be accelerated and shall vest as of the date of such Participant's termination or resignation; and lastly, (vi) in the event of a termination without cause, unvested RSUs and DSUs continue to vest during the notice period, and any vested awards (including those that vest in the notice period) shall continue to be paid in accordance with the plan terms, but there will be no payment under a DSU if the payment is to be made after the end of the calendar year following the year in which the termination occurs.

For the purposes of the LTIP, "approved retirement" means the Participant ceases to be an officer of the Company by reason of retirement, and the Participant is 65 or over, provided that the Participant (i) gives at least three months' notice of retirement, (ii) enters into a non-competition and non-solicitation agreement, and (iii) does not receive any cash payment in respect of severance or similar payment upon ceasing to be an officer of the Company.

#### *Dividend Adjustments*

If ordinary course cash dividends are paid on the common shares, each Participant who holds RSUs or DSUs as of the record date for such dividend shall be credited with such number of additional RSUs or DSUs, as applicable, as is equal to the value of the dividend to which the Participant is entitled, divided by the fair market value of the common shares of the Company on the dividend payment date.

#### *Change of Control*

Upon a change of control of the Company, the Board may take certain actions in respect of awards outstanding pursuant to the LTIP, including causing any or all RSUs or DSUs to become non-forfeitable, cancelling any RSU or DSU in exchange for restricted share units or deferred share units with respect to the share capital of any successor person, and redeeming any RSU or DSU for cash.

#### *Risk Management and Regulatory Compliance*

Both E-L and Empire Life understand 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 a committee 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.

For 2018, the bonuses for the Named Executive Officers reflect the corporate results of the respective employer company.

#### *Directors*

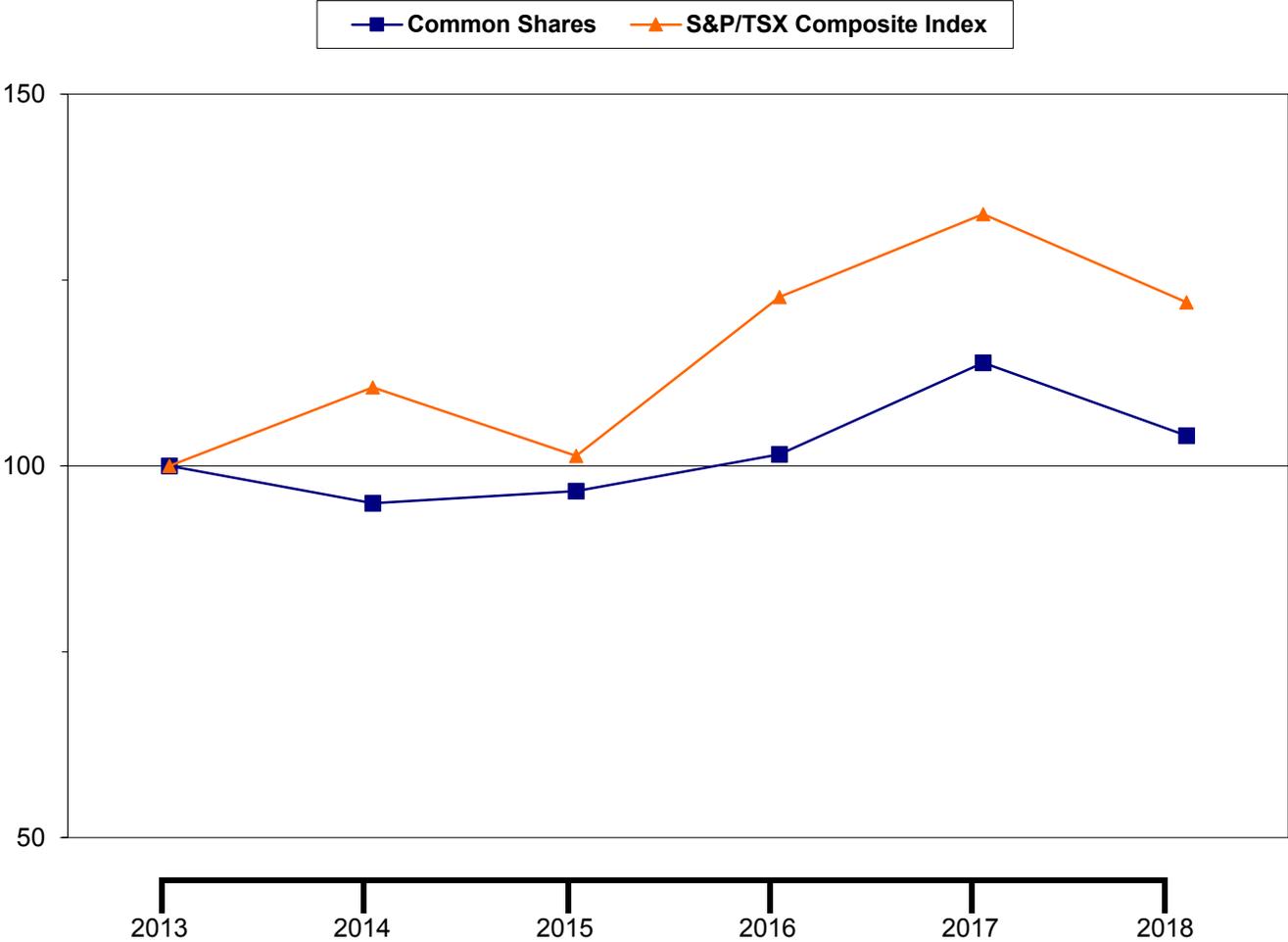
With respect to Board compensation for E-L and Empire Life, members of the Boards are compensated by way of annual retainer, an additional retainer for sitting as a chair of a committee of a Board, and meeting attendance fees. The respective Board periodically reviews the compensation of directors, recognizing the need for competitive compensation, as well as the risk, workload and time involved in being a director. Typically these fees will increase annually by a similar percentage as general staff salary increases for the companies. Further information regarding the compensation for E-L's directors is found under "E-L Directors Compensation".

**PERFORMANCE GRAPH**

The following graph compares the Company’s cumulative total shareholder return (assuming an investment of \$100 on January 1, 2014 on its Common Shares during the five year period ended December 31, 2018 (or applicable portion thereof) on a yearly percentage change basis with the cumulative return of the S&P/TSX Composite Index. The share performance as set out in the graph below does not necessarily indicate future performance.

There is no specific relationship between the compensation paid to executive officers and the cumulative total shareholder return over this time period. For the five year period the cumulative total shareholder return has exceeded the returns of the S&P/TSX Composite Index. Total paid compensation for Named Executive Officers has not followed this trend, with gradual increases in total paid compensation throughout this period, subject to the impacts of the corporate results of the respective employer company in any particular year.

**Comparison of Five Year Cumulative Total Return to December 31, 2018  
Between the Company and the S&P / TSX Composite Index**



All returns are presented on a total return basis.

## SUMMARY COMPENSATION TABLE

Name and Position	Year	Salary (\$)	Share-based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual	LTIP <sup>(2)</sup>			
Duncan N.R. Jackman <sup>(3)</sup> Chairman, President and CEO E-L Financial	2018	961,150	200,000	--	--	(59,337)	171,805	1,273,618
	2017	955,600		--	--	205,954	161,824	1,323,378
	2016	913,259		--	--	(23,184) <sup>(4)</sup>	159,350	1,049,425
Scott F. Ewert Vice-President and Chief Financial Officer E-L Financial	2018	324,000	100,000	162,000	--	46,471	--	632,471
	2017	305,000		152,500	--	48,196	--	505,696
	2016	275,000		137,500	--	30,036	--	442,536
Mark Sylvia President and CEO Empire Life	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
Sean Kilburn Senior Vice President, Retail Empire Life	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 <sup>(5)</sup> Senior Vice President and Chief Investment Officer Empire Life	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

- (1) The value of the share-based awards is based on the 10 day volume weighted average trading price of Common Shares on the TSX immediately prior to the grant date.
- (2) Long-term incentive plans were introduced at Empire Life for year end 2016 and at E-L Financial for year end 2018.
- (3) "All other compensation" is compensation from subsidiary United Corporations Limited in the form of salary and attendance fees.
- (4) \$713,259 of Mr. Jackman's salary was pensionable in 2016; \$750,000 was pensionable in 2017 and 2018. In 2018, Empire reimbursed to E-L Financial \$211,150 of this amount (2017: \$205,600; 2016: \$200,000).
- (5) Mr. Hardacre commenced employment on May 9, 2016 and Mr. Hardacre was promoted to Senior Vice President and Chief Investment Officer on December 19, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not been vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(1)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Duncan N. R. Jackman	-	-	-	-	251.984	200,942	-
Scott F. Ewert	-	-	-	-	125.994	100,471	-
Mark Sylvia	-	-	-	-	-	-	-
Sean Kilburn	-	-	-	-	-	-	-
Ian Hardacre	-	-	-	-	-	-	-

- (1) Value of the share-based awards is based on the 10 day volume weighted average trading price of the Common Shares on the TSX as of December 31, 2018.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(1)</sup>
Duncan N. R. Jackman	-	-	-
Scott F. Ewert	-	-	<b>162,000</b>
Mark Sylvia	-	-	<b>989,830</b>
Sean Kilburn	-	-	<b>474,036</b>
Ian Hardacre	-	-	<b>364,703</b>

(1) Includes annual and LTIP awards

## DEFINED BENEFIT PENSION TABLE

Name and Position	Years of credited service	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accrued obligation at year end (\$)
		at year end	at age 65				
Duncan N.R. Jackman Chairman, President and CEO E-L Financial	25.08	364,303	544,664	5,516,539	(59,337)	(34,206)	5,422,996
Scott F. Ewert Vice-President and CFO E-L Financial	4.00	11,406	76,754	106,582	46,471	400	153,453
Mark Sylvia President and CEO Empire Life	4.58	39,571	57,555	425,501	137,982	5,296	568,779
Sean Kilburn Senior Vice President, Retail Empire Life	5.83	30,269	81,294	355,389	80,946	6,099	442,434
Ian Hardacre Senior Vice President and Chief Investment Officer Empire Life	2.33	9,328	57,634	71,730	50,399	2,344	124,473

### Notes to table:

The same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the Company's financial statements were used to prepare this table.

Years of credited service - years of service reflected in calculation of pension accrued as of the end of 2018.

Annual benefits payable at year end - 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.

Annual benefits payable at age 65 - the pension that the executive is projected to receive if he remained employed until age 65, but only based on pensionable earnings up to December 31, 2018 (no projection of pensionable earnings to retirement).

Accrued obligation at start of year - 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.

Compensatory change - 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, as well as the impact of changes in the level of executive's projected earnings at retirement on the accrued obligation for benefits accrued in previous years.

Non-compensatory change - 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.

Accrued obligation at year end - the accrued obligation 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.

## DEFINED CONTRIBUTION TABLE

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at end of year (\$)
Scott F. Ewert	90,407	13,250	115,308
Mark Sylvia	123,952	13,250	150,265
Sean Kilburn	167,861	13,250	183,193
Ian Hardacre	37,847	13,250	61,478

## RETIREMENT PLANS

### Empire Life

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 Empire Life 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:

<b>Name</b>	<b>Termination without Cause Payout (\$)</b>
Mark Sylvia	1,430,944
Sean Kilburn	907,745
Ian Hardacre	707,736

### Executive Compensation-Related Fees

Beginning in November 2017, the Board engaged Hugessen Consulting ('Hugessen') to assist with the evaluation and development of a long-term incentive structure for selected executives at the Company. Such work continued into early 2018 (fees, not including HST: 2017 – \$28,116.50; 2018 - \$21,339.13). Hugessen does not provide any services to the Company other than compensation advisory services.

## E-L DIRECTORS COMPENSATION

Name	Fees earned <sup>(1)</sup> (\$)	Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total (\$)
J. Christopher Barron	52,620	--	21,490	74,110
James F. Billett	58,270	--	--	58,270
Michael J. Cooper	34,470	--	--	34,470
William J. Corcoran	92,620	--	--	92,620
The Hon. Henry N.R. Jackman	34,470	--	66,460	100,930
M. Victoria D. Jackman	37,770	--	--	37,770
R.B. Matthews	42,720	--	--	42,720
Clive P. Rowe	34,470	--	73,480	107,950
Stephen J.R. Smith	17,235	--	24,590	41,825
Mark M. Taylor	34,470	--	97,010	131,480

### (1) Fees earned

In 2018, all non-management directors of the Company received an annual retainer of \$27,870 plus \$1,650 for each Board meeting attended. Mr. Billett received a further annual retainer of \$13,900 as Chairman of the Audit Committee. All Audit Committee members (Messrs. Barron, Billett and Matthews) received \$1,650 for each Audit Committee meeting attended.

"Fees earned" also includes fees received from the Company for attendance at Committee and/or Board meetings at Empire Life and/or Algoma Central Corporation for Messrs. Barron (\$14,850), Billett (\$3,300), Corcoran (\$58,152) and Matthews (\$1,650).

### (2) All other compensation

"All other compensation" includes: fees received from subsidiary Empire Life in the form of annual retainer and meeting fees for The Honorable H.N.R. Jackman (\$42,840), and Messrs. Rowe (\$73,480), Smith (\$24,590) and Taylor (\$69,070); and fees received from subsidiary United Corporations Limited for annual retainer and meeting fees for The Honorable H.N.R. Jackman (\$23,620), and Messrs. Barron (\$21,490), and Taylor (\$27,940).

## DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company, together with Empire Life, has purchased liability insurance in the amount of \$25 million for its 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 \$52,737.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

There is no indebtedness from any director, executive officer or employee of the Company or its subsidiaries other than routine indebtedness. Loans to employees which are fully secured against the residence of the employee 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 SEDAR. Additional financial information is provided in the interim and annual financial statements and Management's Discussion and Analysis of the Company for the year ended December 31, 2018. In addition to SEDAR, copies of the interim and annual financial statements and Management's Discussion and Analysis are available 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 Directors of the Company.

DATED at Toronto, Ontario as of the 5<sup>th</sup> day of March, 2019.

A handwritten signature in black ink, appearing to read "Richard B. Carty". The signature is fluid and cursive, with a large initial "R" and a distinct "C" at the end.

Richard B. Carty  
Vice-President, General Counsel  
and Corporate Secretary

