

E-L FINANCIAL CORPORATION LIMITED

2024 ANNUAL INFORMATION FORM

MARCH 6, 2025

E-L FINANCIAL CORPORATION LIMITED

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TABLE OF CONTENTS

Forward Looking Statements.....	1
Corporate Structure.....	1
General Development Of The Business – Three Year History.....	2
E-L Financial.....	2
Empire.....	3
United.....	3
Description Of The Business.....	4
E-L Financial.....	4
Empire.....	5
United.....	10
Risk Factors.....	11
E-L Financial.....	11
Empire Life.....	13
United.....	33
Dividends.....	35
Description Of Capital Structure.....	36
Ratings Of Securities.....	38
E-L Financial.....	38
Empire Life.....	38
Market For Securities.....	39
Directors And Executive Officers.....	40
Legal Proceedings.....	41
Interest Of Management And Others In Material Transactions.....	41
Transfer Agent And Registrar.....	41
Interests Of Experts.....	41
Audit Committee Information.....	42
Audit Committee Charter.....	42
Composition Of The Audit Committee.....	42
Relevant Education And Experience.....	42
Pre-Approval Policies And Procedures.....	43
External Auditor Service Fees.....	43
Additional Information.....	44
Appendix A.....	45

Forward Looking Statements

This Annual Information Form (“AIF”) contains certain forward-looking statements which refer to expected or possible future developments. These statements may involve estimates and assumptions based on management experience, current conditions and expected future developments. Forward-looking statements are subject to risks and uncertainties due to their predictive nature, and actual results or events may differ due to a number of factors, including factors referred to in the “Risk Factors” sections in this AIF. No assurance can be given that expected or possible future developments expressed in, or implied by, forward-looking statements within this AIF will occur, or if they do, that any benefits may be derived from them.

Corporate Structure

E-L Financial Corporation Limited (“E-L Financial” or the “Company”) was incorporated on November 13, 1968 by Letters Patent under The Corporations Act (Ontario). The activities of E-L Financial are governed by the Business Corporations Act (Ontario).

Supplementary Letters Patent, dated January 17, 1969, created the first series of Preference Shares as Series A Convertible Preference Shares (“Series A Preference Shares”).

Supplementary Letters Patent, dated May 12, 1969, made the Common Shares without par value.

Articles of Amendment, dated May 23, 1984, deleted the objects of E-L Financial, changed the registered office of the Company, changed the number of directors of the Company, and added to the charter certain rights and privileges for the Common and Series A Preference Shares of the Company.

Articles of Amendment, dated September 22, 2004, created the second series of 4,000,000 Preference Shares as non-cumulative redeemable Series B Preference Shares (“Series B Preference Shares”) and provided for the automatic conversion of the Series B Preference Shares into First Preference Shares, Series 1 upon their creation no later than November 30, 2004.

Articles of Amendment, dated November 9, 2004, increased the authorized number of Common Shares from 10,597,267 to an unlimited number; created an unlimited number of First Preference Shares, issuable in series; and designated 4,000,000 First Preference Shares as First Preference Shares, Series 1. The 4,000,000 issued and outstanding Series B Preference Shares were then automatically converted to 4,000,000 issued and outstanding First Preference Shares, Series 1.

Articles of Amendment, dated October 16, 2006, designated 4,000,000 First Preference Shares as First Preference Shares, Series 2.

Articles of Amendment, dated March 30, 2012, designated 4,000,000 First Preference Shares as First Preference Shares, Series 3.

Articles of Amalgamation, dated January 1, 2014, amalgamated E-L Financial with its two wholly-owned subsidiaries 1865164 Ontario Limited and 2351406 Ontario Inc.

The head and registered office of E-L Financial is located at 165 University Avenue, 10th Floor, Toronto, Ontario, M5H 3B8, telephone (416) 947-2578.

E-L Financial has one major operating subsidiary, The Empire Life Insurance Company (“Empire” or “Empire Life”), and since December 31, 2012, E-L Financial has owned in excess of 50% of the issued and outstanding common shares of United Corporations Limited (“United”), a public closed-end fund. Each of Empire Life and United is a reporting issuer, trades on the Toronto Stock Exchange (“TSX”) and has a profile at www.sedarplus.ca (“SEDAR+”).

E-L Financial owns 100% of E-L Financial Services Limited (“ELFS”), a holding company, which in turn owns 98.3% of Empire. E-L Financial also owns 1.2% of Empire directly. E-L Financial Services Limited was incorporated on May 21, 1986 under the Canada Business Corporations Act. Empire was incorporated by Letters Patent in the Province of Ontario on January 11, 1923. On October 9, 1987, Empire was continued by Letters Patent under the Canadian and British Insurance Companies Act as if it had been incorporated under Section 4.1 of that Act. Empire then was continued under the Insurance Companies Act (Canada) in 1992 when that Act became law.

United is a closed-end investment corporation, incorporated under the Companies Act (Canada) by Letters Patent dated May 6, 1933 and continued under the Canada Business Corporations Act by Certificate of Continuance dated September 20, 1977.

GENERAL DEVELOPMENT OF THE BUSINESS – THREE YEAR HISTORY

E-L FINANCIAL

The strategy of the Company is to accumulate shareholder value through long-term capital appreciation, interest and dividend income from its investments. Its investments include its operating subsidiary, Empire, and other corporate investments, which include direct investments in stocks and fixed income securities and indirect investments in stocks and fixed income securities through pooled funds, closed-end investment companies, and other investment companies. Other than Empire and United, E-L Financial’s most significant corporate investments are Economic Investment Trust Limited (“Economic”), another public closed-end investment company, and Algoma Central Corporation (“Algoma”), a publicly-traded Canadian shipping company. In 2009, E-L Financial acquired additional common shares of Economic and Algoma, increasing its ownership in each to above 20%. As management has concluded that E-L Financial has the ability to exert significant influence over each of Economic and Algoma, the Company uses the equity method of accounting for these investments.

On December 17, 2015, E-L Financial completed the acquisition of 19% of the shares of ELFS, increasing the Company’s interest in Empire Life to 99.4%.

The Company’s investment strategy reflects opportunities both inside and outside of Canada.

EMPIRE

Empire Life provides a broad range of wealth management products, individual insurance products, group plans, and financial services to meet the needs of individuals and businesses through a network of independent financial advisors (“IFAs”), managing general agents (“MGAs”), national account (“NA”) firms and group brokers and representatives. Empire Life serves more than 633,000 individual customers (including organizations), more than 15,000 group customers with over 290,000 certificate-holders, and 847 group retirement plans (pension and registered savings plans). Empire Life and its subsidiaries, ELII and TruStone Financial, collectively employed 1,236 employees as at December 31, 2024. Empire Life has relationships with more than 36,200 professional financial advisors.

Empire Life has three major product lines: Wealth Management, Individual Insurance and Group Solutions and focuses on driving business growth through independent distribution by providing innovative solutions and service excellence. Empire Life has strong relationships with its distribution partners and has broadened its distribution reach by building and expanding established relationships within the MGA network, continuing existing relationships within the IFA network, and increasing its market penetration within the NA channel, which includes mutual fund dealer firms, bank-owned investment dealer organizations, and large financial planning firms. Empire Life partners with several leading third-party administrator firms across Canada to diversify and expand access to group insurance markets.

Empire Life has invested in distribution companies whose leadership teams are respected in the industry and have a proven track record of growing the business. Investments include TruStone Financial (a MGA), EXOS Wealth Systems Inc. (which provides mutual fund and guaranteed investment certificate products through a network of independent advisors), and Gryphin Advantage (a MGA). These investments support the Company’s commitment to facilitating access to independent financial advice for Canadians.

UNITED

United is a closed-end investment corporation with an investment portfolio comprising global investments that trades on the TSX under the symbols UNC; UNC.PR.A; UNC.PR.B; and UNC.PR.C. United’s exposure to non-Canadian equities is approximately 96% of its investments. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time common equities, as an asset class, will outperform fixed income instruments or balanced funds.

Neuberger Berman Canada Investment Management firm headquartered in Toronto, was first appointed to provide portfolio management services for portion of its assets in March 1, 2022. In September 2023, Neuberger Berman was appointed to provide investment management services for a greater portion of its assets replacing Harding Loevner L.P.

DESCRIPTION OF THE BUSINESS

E-L FINANCIAL

E-L Financial operates as an investment and insurance holding company. It owns 99.5% of Empire as of December 31, 2024, and 56.6% of the common shares of United. Empire and United are consolidated into E-L Financial for financial reporting purposes. It also owns investments in equities and fixed income securities directly, and indirectly, through pooled funds, closed-end investment companies and other investment companies.

The Company also has significant investments in Economic, another closed-end fund and Algoma, a publicly-traded Canadian shipping company. E-L Financial treats these investments as equity method investments for financial reporting purposes.

The Company's strategy is to accumulate shareholder value through long-term capital appreciation, interest and dividend income from its investments. The Company has a global and diversified portfolio. From time to time, E-L Financial may use external investment managers to manage a portion of the portfolio. Further information relating to E-L Financial's investments may be found in the Company's 2024 Annual Management's Discussion and Analysis (Annual MD&A) and the Notes to the 2024 Consolidated Financial Statements ("Annual Financial Statements"), which are incorporated by reference herein.

The specialized skills and knowledge of its executive officers are consistent with E-L Financial's holdings, as well as individuals with specialized investment and tax knowledge acquired over many years, both at E-L Financial and outside the Company. E-L Financial has fourteen employees.

E-L Financial engages investment managers for equity mandates. Passive and active investment strategies are utilized. As at December 31, 2024, there were four investment managers engaged in the management of equity mandates on behalf of the Company. The investment managers may apply ESG (Environmental, Social and Governance) factors in the selection of securities.

On March 4, 2022, the Company announced the extension of its normal course issuer bid ("NCIB") to purchase up to 184,938 Common Shares between March 9, 2022, and March 8, 2023. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2022, 40,660 shares were purchased under the NCIB at an average price of \$872.05 per share for a total consideration of \$35 million.

On August 16, 2022, the Company announced its intention to commence a substantial issuer bid ("SIB") pursuant to which it would offer to purchase up to \$100 million of its outstanding Common Shares. On September 28, 2022, the Company announced that it had purchased 103,626 Common Shares at a price of \$965.00 per Common Share under a substantial issuer bid

On March 6, 2023, the Company announced the extension of the NCIB to purchase up to 177,854 Common Shares between March 9, 2023, and March 8, 2024. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2023, 4,700 shares were purchased under the NCIB at an average price of \$900.78 per share for a total consideration of \$4 million.

On November 7, 2023, the Company announced its intention to commence a SIB pursuant to which it would offer to purchase up to \$100 million of its outstanding Common Shares. On December 15, 2023, the Company announced that it had purchased 90,668 Common Shares at a price of \$1,050.00 per Common Share under the SIB.

On March 7, 2024, the Company announced the renewal of the NCIB to purchase up to 173,086 Common Shares between March 12, 2024, and March 11, 2025. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2024, no shares were purchased under the NCIB.

EMPIRE

Wealth Management

The Wealth Management product line seeks to offer savings, income protection and estate protection, and is marketed towards middle-income families, independent businesspersons, professionals and individuals in the pre- and post- retirement market across Canada. The products include segregated fund products and guaranteed interest products, including annuities, and are sold on both an immediate and a deferred basis. Immediate annuities and RRIFs provide payments that commence at the time of issue. Deferred annuities provide a series of payments that commence at a later date, and often with a period of accumulation of capital before commencement of payments. These deferred annuities are available on a non-registered basis, as tax-free savings accounts (“TFSA”) or as registered retirement savings plans (“RRSP”). Accumulation of capital can be either on a guaranteed investment basis or through investments in a wide range of segregated fund investments. Empire Life also offers employer-sponsored Group RRSPs for group clients. All of Empire Life’s Wealth Management products are non-participating, meaning that holders of these products do not share in any profits earned by Empire Life.

Empire Life’s Wealth Management products include Guaranteed Investment Funds (“GIF”)s, Guaranteed Interest Contracts and a guaranteed minimum withdrawal benefit (“GMWB”) product. In 2024, Empire Life launched twelve new segregated funds, including funds managed by Fidelity Investments and Vanguard, and a First Home Savings Account in the GIF product. Empire Life continues to explore opportunities to increase sales and customers in its Wealth Management business by increasing and diversifying the segregated funds available to meet market demand as well as adding new types of registered accounts.

Empire Life’s Wealth Management products compete against those offered by other life insurers, banks and mutual fund companies. Empire Life has had success in the Wealth Management product line with segregated fund assets under management of \$9.4 billion as at December 31, 2024, a compound annual growth rate (“CAGR”) of 0.6%, from \$9.2 billion as at December 31, 2021. Of the total segregated fund assets under management at the end of 2024, approximately \$9.1 billion have guarantees. Approximately 12% of the contracts with guarantees are contracts with a 75% maturity guarantee and 75% death benefit guarantee; 44% of the contracts with guarantees are contracts with a 75% maturity guarantee and 100% death benefit guarantee; 6% of the contracts with guarantees are contracts with a 100% maturity and death benefit guarantee

(with a minimum of 15 years between deposit and maturity date); and 38% of the contracts with guarantees are contracts with a GMWB.

Customer deposits to Empire Life segregated funds were \$953 million in 2024 with market share of 5.9%¹ (6.5% in 2023²). Empire Life's assets under management (segregated funds and guaranteed interest products) grew from \$9.7 billion as at December 31, 2023, to \$10.4 billion as at December 31, 2024. Empire Life's market share of segregated funds assets under management was 6.2%³ in 2024 (compared to 6.5% in 2023⁴).

The following table shows select financial information for the Wealth Management product line for the years ended December 31, 2024 and 2023. For more information, see *Product Line Results – Wealth Management* in the Annual MD&A or refer to the Annual Financial Statements.

Select Wealth Management Financial Information

	2024	2023
(in millions)		
For the year ended December 31		
Segregated Fund Deposits	\$ 953	\$ 751
Insurance Service Revenue	\$ 238	\$ 235
As at December 31		
Segregated Fund Assets ⁽¹⁾	\$ 9,375	\$ 8,795
Fixed Income and Annuity Assets	\$ 996	\$ 918
Total Wealth Assets Under Management	\$ 10,371	\$ 9,713

⁽¹⁾ Prior year amount has been revised from that previously presented.

Individual Insurance

The Individual Insurance product line seeks to offer income protection and estate protection and is marketed towards middle-income families, independent businesspersons, professionals and individuals in the pre- and post- retirement market across Canada. The products include term life insurance, whole life insurance (participating and non-participating), health and disability insurance. The Company administers in-force universal life policies but has not actively sold this product line since 2016. In 2024, Empire Life launched a new product initiative, 20 Pay Term to 100 Non-Participating Whole Life, and also updated product features and pricing on both the Participating Whole Life product line (EstateMax and Optimax Wealth) and the Solution Series Term Life product line to improve product appeal to key target audiences.

¹ Source: Insurance Advisory Service Canada: Segregated Funds Gross Sales, Investor Economics (Jan. 2025), as of Dec. 2024.

² Source: Insurance Advisory Service Canada: Segregated Funds Gross Sales, Investor Economics (Jan. 2024) as of Dec. 2023.

³ Source: Insurance Advisory Service Canada: Assets in Segregated Funds by Complex, Investor Economics (Jan. 2025) as of Dec. 2024.

⁴ Source: Insurance Advisory Service Canada: Assets in Segregated Funds by Complex, Investor Economics (Jan. 2024) as of Dec. 2023.

Empire Life's Individual Insurance products are distributed through a network of IFAs, MGAs and NA firms. The Individual Insurance products at Empire Life compete against those offered by other life insurers and bank life insurance units.

The following table shows select financial information for the Individual Insurance product line for the years ended December 31, 2024 and 2023. For more information, see Product Line Results – Individual Insurance in the Annual MD&A or refer to the Annual Financial Statements.

Select Individual Insurance Financial Information

For the year ended December 31	2024		2023	
(in millions)				
Annualized Premium Sales	\$	56	\$	54
Insurance Service Revenue	\$	490	\$	452

The following table shows a sales breakdown by category of Individual Insurance products for the years ended December 31, 2024 and 2023.

Individual Insurance Sales

For the year ended December 31	2024		2023	
(in millions)				
Term Life	\$	31	\$	32
Whole Life Participating		15		14
Whole Life Non-Participating		6		4
Health and Disability		3		3
Other		0		1
Total Individual Insurance Sales	\$	56	\$	54

Individual Insurance product sales have continued to increase in 2024, with growth coming from Whole Life product enhancements (in both Participating and Non-Participating product lines) while Term products posted modest declines due to increased competitive pressures. In 2024, Empire Life's market share was 2.7%⁵ (also 2.7% in 2023⁶).

Empire Life continues to enhance its e-commerce platform allowing advisors to sell and customers to buy insurance using more efficient sales and field underwriting tools designed to improve the consumer experience, and to reduce sales cycle time and costs. The Company continues to develop the on-line/mobile user experience, including policy issue and service needs over the life cycle of the policies.

⁵ Source: LIMRA Canadian Individual Life Insurance Sales Survey, LIMRA (Sep 2024). Critical illness premiums were excluded.

⁶ Source: LIMRA Canadian Individual Life Insurance Sales Survey, LIMRA (Dec 2023). Critical illness premiums were excluded.

Group Solutions

Empire Life's Group Solutions primary products include group life, short- and long-term disability, extended health (including emergency travel medical), dental, critical illness, and accidental death and dismemberment as well as creditor insurance products, all of which are sold on a non-participating basis only. Group Solutions products are sold on an insured basis (where Empire Life assumes substantially all of the claims risk) or on an administrative services only basis (where plan administration and claims payment services are provided on a fee-for-service basis).

The target market for Empire Life's Group Solutions products is primarily small to medium sized businesses across Canada. Group Solutions products are sold by independent producers working with specialized account executives based in offices located in major centres across Canada. The Group Solutions products at Empire Life compete against those offered by other life insurers. Empire Life has entered into a number of strategic partnerships, mainly with third-party administrators, as a means to expand market share while still focusing on the small to medium sized business owner.

The following table shows select financial information for the Group Solutions product line for the years ended December 31, 2024 and 2023. For more information, see Product Line Results – Group Solutions in the Annual MD&A or refer to the Annual Financial Statements.

Select Group Solutions Financial Information

For the year ended December 31	2024	2023
(in millions)		
Annualized Premium Sales ⁷	\$ 114	\$ 74
Insurance Service Revenue	\$ 677	\$ 639

The target market for Empire Life's Group Solutions products is small and medium sized employers. Based on revenue, Empire Life's market share in this segment was 6.2% at the end of 2023 (6.3% in 2022), maintaining a sixth place ranking in its target market.⁸

The following table shows a sales breakdown by traditional markets, and through strategic partners for group solutions products for the years ended December 31, 2024 and 2023. Growth in sales through strategic partners (such as third-party administrators) has helped drive business growth.

⁷ See "Non-IFRS Measures".

⁸ Source: 2023 Group Universe Report, Fraser Group (July 2024).

Group Solutions Sales

For the year ended December 31	2024		2023	
(in millions)				
Traditional markets	\$	54	\$	35
Specialty markets (strategic partnerships)	\$	58	\$	39
Other	\$	2	\$	0
Total Group Solutions Sales	\$	114	\$	74

Group Solutions is also developing new product lines for adjacent market and product categories. These new product lines, included under “Other” in the table above, include Group Retirement Savings and Individual Disability products.

Summary of Revenues

The following tables show revenue information for each of Empire Life’s three product lines, plus capital and surplus for the years ended December 31, 2024 and 2023.

2024 (in millions of dollars)	Wealth Management	Group Solutions	Individual Insurance	Capital & Surplus	Total
Insurance Service Revenue	\$ 238	\$ 677	\$ 490	\$ -	\$ 1,405
Investment Income	\$ 94	\$ 14	\$ 315	\$ 95	\$ 518
Fee and Other Income	\$ 1	\$ 9	\$ -	\$ 35	\$ 45
2023 (in millions of dollars)					
Insurance Service Revenue	\$ 235	\$ 639	\$ 452	\$ -	\$ 1,326
Investment Income	\$ 72	\$ 16	\$ 598	\$ 131	\$ 817
Fee and Other Income	\$ 1	\$ 8	\$ -	\$ 22	\$ 31

UNITED

The majority of the Company's investment portfolio is actively managed by Comgest Asset Management International Limited ("Comgest"), Causeway Capital Management LLC ("Causeway"), and Neuberger Berman Canada ULC ("Neuberger Berman Canada"). Each of these managers has a global equity mandate. As of December 31, 2024, \$605,377,000 (March 31, 2024 - \$565,456,000), \$617,037,000 (March 31, 2024 - \$554,505,000), \$571,889,000 (March 31, 2024 - \$497,279,000), and \$621,109,000 (March 31, 2024 - \$559,856,000) of equity investments were managed by Comgest, Causeway, Neuberger Berman Canada Global Equities which tracks the MSCI All Country World Index ("ACWI"), and Neuberger Berman Canada Global Equities Quality Strategy, respectively.

Comgest is part of the Comgest group, which is an independent, international asset management group, with headquarters in Paris and offices in Amsterdam, Boston, Brussels, Dublin, Düsseldorf, Hong Kong, Milan, Singapore, Tokyo and a representative office in London. Since inception in 1985, Comgest has pursued a long-term 'Quality Growth' investment style. The portfolio will generally hold between 30 - 40 companies.

Causeway Capital is a global investment manager and is based out of Los Angeles, California, USA. The investment philosophy emphasizes the merits of value investing and combines both fundamental and quantitative research to identify investment opportunities in equity markets around the world. The portfolio will generally hold between 35 – 55 companies.

Neuberger Berman Canada is an investment management firm headquartered in Toronto. Neuberger Berman Canada manages its portfolio in two separate mandates. The first mandate invests in global equities, with low tracking risk to the MSCI All Country World Index, which expects to hold 600 - 1,000 companies. The new and now second mandate invests in global equities with a quality strategy, which expects to hold 200 - 400 companies. Neuberger Berman Canada is a business of Neuberger Berman. Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager headquartered in New York. The firm manages a range of strategies including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds on behalf of institutions, advisors and individual investors globally. With offices in 26 countries, Neuberger Berman's diverse team has over 2,900 professionals.

The Company also has a long-term investment in Algoma Central Corporation ("Algoma"), a public shipping company. Algoma is a related party and is a reporting issuer which trades on the Toronto Stock Exchange with a profile on SEDAR+. The investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company.

RISK FACTORS

E-L FINANCIAL

The following is a discussion of the risks relating to the business of E-L Financial. Further risk and risk management information is included in the Annual MD&A and in the notes to the Annual Financial Statements for E-L Financial. These documents are also available on the issuer's profile on SEDAR+.

The key risk factors relating to E-L Financial and its business are:

The value of the Company's investment portfolio is subject to general market and economic conditions, changes in interest rates, the liquidity of its investments, changes in the value of foreign currencies relative to the Canadian dollar, and the creditworthiness of issuers of debt securities in which the Company invests. The Company regularly reviews its portfolio and, while expecting and tolerating the volatility associated with such investments, attempts to mitigate its exposure to this risk through diversification.

The assets of the Company, and the income received by it from its investments, including the insurance subsidiary, are more than adequate to fund the Company's ongoing operating expenses and dividend payments.

Market risk

The value of the Company's Common Shares is dependent on the value of the securities in which the Company invests. The value of these investments will vary from day to day depending on a number of market factors including economic conditions, global events, market news, and on the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities.

Foreign investment risk

The Company's global securities will include investments in securities denominated in a currency other than Canadian dollars, which is the reporting currency for the Company. The Company invests in securities issued by corporations in countries other than in Canada. Investing in foreign securities can be beneficial by providing investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those which apply in Canada;
- the legal systems of some foreign countries may not adequately protect investor rights; political,
- social or economic instability may affect the value of foreign securities; and
- foreign governments may make significant changes to tax policies which could affect the value of foreign securities.

Foreign currency risk

The investments of the Company denominated in other than Canadian dollars expose the Company to foreign currency risk. Foreign currency risk is the risk that the value of an investment denominated in foreign currency will fluctuate because of changes in exchange rates and create an adverse effect on earnings and net equity value when measured in Canadian dollars.

Emerging markets risks

Emerging markets have the risks described under Foreign investment risk and Foreign currency risk. In addition, investments in emerging markets are more likely to experience political, economic and social instability, which may result in higher levels of market value volatility. Emerging market securities are often less liquid, resulting in settlement delays and higher trading costs.

Liquidity risk

Liquidity risk has two aspects. First, in the case of the Company, it is the possibility that the Company will not be able to convert an investment to cash, which may be due to the size of the holding or the limited market for the investment. Second, in the case of the investor, the volume of the Company's Common Shares traded on the TSX has historically been low. There is a risk that shareholders may not be able to sell the Company's Common Shares on a timely basis.

Discount risk

The Company's share price usually trades at a discount relative to its net equity value per share. The share price is established by markets which reflect the demand and the supply for the Common Shares. As a result, the Company's shareholders may experience a return that is different from the net equity value return of the Company.

Securities lending risk

From time to time E-L Financial participates in securities lending. Securities lending could expose the lender to the risk of counterparty failure. RBC Investor Services Trust ("RBC I&TS"), the Company's custodian, acts as lending agent. The Company's agreement with RBC I&TS provides that RBC I&TS, as agent for the Company, lends the Company's securities to borrowing counterparties in exchange for a fee to be paid by these borrowers. RBC I&TS is responsible to return the borrowed securities to the Company when required, and RBC I&TS indemnifies the Company in the event of borrower default. The Company has recourse to the Royal Bank of Canada in the event of a failure to indemnify by RBC I&TS.

Conflicts of interest

E-L Financial has direct and indirect investments in related parties, including three reporting issuers, Economic, United and Algoma; and private companies. The Company's investments in related parties do not present a conflict of interest for the Company, as the Company operates as a discrete entity with a separate Board of Directors, the majority of whom are independent.

Investments in private companies

Approximately 6% of the Company's consolidated assets were invested in private companies. As securities of private companies do not trade in a public market, it could be difficult for the Company to sell securities in private companies if it so needs or wants. As a result, the value of these shares and their liquidity can change significantly in a short period of time.

Reliance on investment managers

E-L Financial engages investment managers to select the Company's global equity portfolio. As at December 31, 2024 approximately \$2.9 billion of the Company's investments are managed by external investment managers. The contribution of the managers is important to the performance of the Company's global portfolio and their poor performance could have an adverse impact on the Company.

Operational Risks

The Company relies on a small number of head office personnel who fulfil a broad range of duties and responsibilities. The loss of certain employees could temporarily adversely affect the operations of the Company, however it is not expected that the loss of these employees would impact the financial results of the Company.

EMPIRE LIFE

The risks and uncertainties described below are those Empire Life currently assesses as material, but they are not the only risks Empire Life faces. Additional risks and uncertainties not currently known to Empire Life or that are currently assessed as not reasonably likely to materially affect Empire Life may also impair its business, results of operations and financial condition.

Risk Management

Empire Life is exposed to a number of risks as a result of its business activities. Effective risk management is critical to the overall profitability, competitive market positioning and long-term financial viability of the Company. The goal of Empire Life's risk management program is to ensure that risk-taking activities are aligned with its strategy in order to achieve business goals and deliver acceptable shareholder returns without compromising its ability to pay claims and fulfill policyholder commitments. When making decisions about risk taking and risk management, Empire Life considers:

- the need to meet the expectations of its customers, employees, shareholders and creditors and to protect the commitments that have been made;
- the needs of its customers, embedding fair treatment throughout the product life cycle, from the design and promotion of its products to satisfying its obligations to its customer;
- the need to be adequately compensated for the capital it deploys to support business activities and strategic objectives;
- the need to protect its brand which includes building and maintaining trust, consideration of corporate social responsibility, and embedding sustainability into its strategic plans; and

- the need to maintain (or improve) its external financial strength rating.

Empire Life's risk appetite defines the aggregate level of risk the Company accepts to achieve its business strategies. The risk appetite supports the pursuit of sustainable shareholder value but does not compromise the Company's ability to pay claims and fulfil policyholder commitments.

Empire Life's risk management framework is structured based on a number of guiding principles:

- Empire Life accepts capital market risk, due to the long-term nature of the majority of its commitments, provided it is managed within specific risk tolerances and limits. Empire Life takes a diversified approach to managing its investments – it accepts credit and alternative asset risk provided it is rewarded through appropriately enhanced returns;
- Empire Life manages liquidity across the business to provide a high level of confidence that all obligations (to customers, employees, creditors and shareholders) will be met when they fall due;
- Empire Life accepts risks related to its products provided they are properly designed, priced and managed in order to achieve fair treatment, and add value to its customers and shareholders;
- Empire Life is forward-looking in its business planning and takes a prudent approach to capital management. It strives to have a high level of confidence that capital is sufficient to support planned future activities;
- Management is active in industry committees and, through a network of oversight functions, monitors the landscape so that Empire Life is appropriately positioned to manage regulatory, tax, accounting and actuarial changes;
- Empire Life accepts that operational risks are a part of doing business and knows that risk management is a key part of decision-making. It protects its business and customers' assets by engaging in mitigation strategies that contribute to its financial stability and the security of data, both its and its customers; and
- Empire Life expects ethical conduct by all of its employees, and it acts with integrity at all times.

Empire Life's Board of Directors ("Board") oversees and monitors Empire Life's risk management framework, processes and practices, and reviews and approves Empire Life's enterprise risk management policy and overall risk appetite. The Company's risk appetite is the primary mechanism to operationalize the guiding principles outlined above and includes a wide array of qualitative and quantitative standards. Senior management shares accountability for risk management across the organization. This enables a cross-functional perspective on risk management, enhanced by the frequency of contact across the senior management team. Empire Life has an Asset Management Committee with responsibility for overseeing the management of corporate policies established by both the Investment Committee and Risk and Capital Committee of the Board, with specific focus on market, credit and liquidity risk including asset/liability management as well as capital management. The Product Management Review Committee is responsible for overseeing management of corporate policy established by the Risk and Capital Committee of the Board, with specific focus on product risk. Activities not delegated to one of these two committees remain under the oversight of senior management. The Chief Risk Officer is a member of the Asset Management Committee and Product Management Review Committee and has Board reporting responsibility with respect to risk and capital management, the latter of

which is shared with the Chief Actuary. All risk management policies and procedures are regularly reviewed for relevance and changes in the risk environment. Accountability, application, day-to-day management and procedural elements are the responsibility of area management, supported by business unit compliance officers, security champions and the risk management department. There is senior management representation and oversight on various interdisciplinary risk committees. Empire Life formally establishes and documents its values and risk tolerances through several Company-wide policies including a Code of Business Conduct, corporate disclosure principles, enterprise risk management, capital management and whistleblower policies. Empire Life's strategic risk management policies (including those related to product design and pricing, investment and capital management) are also approved by its Board, or a Board committee. Subsidiaries have adopted practices for risks to which they are exposed, appropriate to their business plan, strategy and risk appetite.

Investment Risk

Included in this category are market risks, liquidity risk, credit risk (including counterparty risk), and hedging risk. Management considers the market price fluctuations from the equity portfolio and changes in market interest rates to be the most serious risk facing Empire Life. A breakdown of Empire Life's investments is provided in Note 5 to the Annual Financial Statements. The fair values of these investments are inherently volatile and frequently change in value as a result of factors beyond Empire Life's control, including general economic and capital market conditions.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, prices of equity, real estate and other securities, credit spreads, foreign exchange rates and inflation. Market risk is directly influenced by the volatility and liquidity in the markets in which the related financial instruments are traded, expectations of future price and yield movements, and the composition of Empire Life's investment portfolio.

Empire Life buys investment-quality bonds to support the liabilities under its insurance and annuity policies. Empire Life's investment strategy also includes the use of equity investments to support some of its liabilities as well as capital and surplus. Cash flows arising from these investments are intended to match the liquidity requirements of the liabilities, within the limits prescribed by Empire Life. If Empire Life does not achieve the expected returns underlying the pricing of its products, its operating results may be adversely affected.

Under the Canadian insurance accounting and regulatory regimes, Empire Life's results for any period reflect equity market values and interest rates at the end of the period through mark-to-market accounting. Consequently, changes in public equity market values or interest rates or spreads could result in material changes to net income attributed to shareholders, regulatory capital requirements and Empire Life's capital ratios.

A decrease in the fair value of Empire Life's common stock portfolio results in reduced profit, reduced shareholders' equity, reduced policyholders' surplus, and a reduced regulatory capital ratio. Regulatory pressure to increase capital escalates as the regulatory capital ratio approaches the Office of the Superintendent of Financial Institutions (Canada) ("OSFI") supervisory minimum.

Empire Life manages this risk exposure mainly through investment limits and oversight of its in-house investment managers and external investment firms by the Investment Committee of the Board. The Investment Committee actively monitors the portfolio size and asset mix.

Empire Life's general fund investments are subject to limits established by the ICA and to investment guidelines approved by the Investment Committee. The investment guidelines are designed to manage overall market risk by defining investment objectives, eligible investments, diversification criteria, exposure, concentration and asset quality limits for eligible investments by product line. The Investment Committee receives regular reporting on general fund asset mix and performance by segment, derivatives matching, segregated fund asset mix and performance, and investment transactions for all funds. In addition, on at least a quarterly basis, management and Empire Life's investment managers report to the Investment Committee on portfolio content, asset mix, Empire Life's matched position, performance of general and segregated funds and compliance with the investment guidelines.

Empire Life's Asset Management Committee meets regularly and reports at least quarterly to the Investment Committee of the Board. The Asset Management Committee monitors Empire Life's general funds in relation to its liabilities within the Company's various product lines and capital and surplus. The process is designed so that assets supporting liabilities match the timing and amount of policy obligations, and to plan for the appropriate amount of liquidity in order to meet its financial obligations as they fall due. Investment and asset/liability management guidelines, which are reviewed regularly with the Investment Committee, have been established to govern these activities.

Empire Life uses stochastic models to monitor and manage risk associated with segregated fund guarantees and establishes policyholder liability provisions in accordance with IFRS 17 and the standards set forth by the Canadian Institute of Actuaries ("CIA"). Product development and pricing policies also require consideration of portfolio risk and capital requirements in the design, development and pricing of the products. Senior management reports quarterly to the Risk and Capital Committee of the Board on the nature and value of Empire Life's segregated fund guarantee liabilities, including capital requirements.

Empire Life has established a capital management policy, capital management levels that exceed regulatory minimums, and financial condition testing that takes into account the potential effect of adverse investment-risk scenarios (including adverse market conditions and adverse interest rates) on Empire Life's capital position and liquidity. Management monitors its regulatory capital ratio on a regular basis and reports at least quarterly to the Board on Empire Life's regulatory capital.

Empire Life has some insurance contract liabilities that are linked to measures of inflation. Certain group long term disability contracts and a small closed block of annuity contracts have benefit payments that are linked to an inflation price index. These exposures are considered as part of the Company's asset/liability management activities and are not material.

Empire Life's most significant market risks are equity risk and interest rate risk.

Equity Risk

Empire Life's investment portfolio primarily includes bonds and equity securities, and the fair values of its investments vary according to changes in general economic and securities market conditions, including volatility and declines in equity markets. Equity market volatility could occur as a result of general market volatility or as a result of specific social, political or economic events. A decline in securities markets could have an adverse impact on the return on assets backing capital, capital adequacy, management fees collected on segregated fund contracts, index funds within universal life contracts, and insurance contract liabilities and capital requirements, particularly in respect of segregated fund guarantees.

The risk of fluctuation of the market value of Empire Life's segregated funds is generally assumed by the policyholders. Market value variations of these assets will result in variations in the income of Empire Life to the extent management fees are determined in relation to the value of these funds. A significant and steady decline of the securities markets may result in net losses on these products, which could adversely affect Empire Life. Additionally, the majority of segregated fund products contain guarantees upon death, maturity, or withdrawal, where the guarantee may vary with, or may be triggered by, the market performance of the underlying funds. If a significant market decline is experienced, the resulting increased cost of providing these guarantees could have an adverse effect on Empire Life's financial position, regulatory capital ratio, and results of operations.

Empire Life has reinsured a portion of its segregated fund death benefit guarantee. Empire Life has a semi-static, economic hedging program in place. The objective of the hedging program is to partially protect Empire Life from possible future regulatory capital ratio declines that might result from adverse stock market price changes. See "Hedging Risk" below.

The impact of a market decline on financial results is set out in *Risk Management* of the Annual MD&A, the Annual Report and in Note 23 to the Annual Financial Statements. Oversight and management of equity risk falls under the responsibility of the Asset Management Committee, which reports exposures and risk tolerance levels to the Risk and Capital Committee of the Board.

Interest Rate Risk

Interest rate risk arises when economic losses are incurred due to the need to reinvest or divest during periods of changing interest rates. Changes in interest rates, as a result of the general market volatility or as a result of specific social, political or economic events, could have an adverse effect on Empire Life's business and profitability in several ways. Certain of Empire Life's product offerings contain guarantees and, if long-term interest rates fall below those guaranteed rates, Empire Life may be required to increase insurance contract liabilities, thereby adversely affecting its operating results. Interest rate changes can also cause compression of net spread between interest earned on investments and interest credited to customers, thereby adversely affecting Empire Life's operating results.

Rapid declines in interest rates may result in, among other things, increased asset calls and mortgage prepayments and require reinvestment at significantly lower yields, which could adversely affect earnings. Rapid increases in interest rates may result in, among other things,

increased surrenders. Fluctuations in interest rates may cause losses to Empire Life due to the need to reinvest or divest during periods of changing interest rates, which may force it to sell investment assets at a loss. In addition, an interest rate sensitivity mismatch between assets and the liabilities they are designated to support could have an adverse effect on Empire Life's financial position and operating results.

The effect on financial results of a change in interest rates is disclosed in *Risk Management* of the Annual MD&A, the Annual Report, and in Note 23 to the Annual Financial Statements.

Interest rate risk is managed through Investment Committee approved limits and regular reporting by management to the Investment Committee and the Board. Empire Life's investment guidelines establish investment objectives and eligible interest rate sensitive investments, as well as establish diversification criteria, exposure, concentration and asset quality limits for these investments. The Asset Management Committee oversees sensitivity to interest rates. The objective is to maximize investment yields while managing the default, liquidity and reinvestment risks at acceptable levels and within risk tolerances. Product development and pricing policies and practices also require consideration of interest rate risk in the design, development and pricing of the products.

Empire Life has an interest rate hedging program, the objective of which is to partially protect Empire Life from possible future capital ratio declines that might result from adverse interest rate changes. See "Hedging Risk" below.

Foreign Exchange Rate Risk

Foreign exchange rate risk arises when the fair value of cash flows of a financial instrument fluctuates due to changes in exchange rates. This may create an adverse effect on earnings and equity when measured against Empire Life's functional currency.

Empire Life's primary foreign currency exposure arises from portfolio investments denominated in US dollars, however this exposure is minimal. If the Canadian dollar strengthens relative to foreign currencies, net income attributed to shareholders and Empire Life's reported shareholders' equity would both decline. Further, to the extent that the resultant change in available capital is not offset by a change in required capital, Empire Life's regulatory capital ratios would be reduced. A weakening of the Canadian dollar against the foreign currencies in which Empire Life does business would have the opposite effect and would increase net income attributed to shareholders and shareholders' equity.

The risk from foreign currency exposure on the market value of Empire Life's segregated funds is generally assumed by the policyholders. Market value variations of these assets resulting from foreign currency movements will result in variations to Empire Life's management fee income. Additionally, certain segregated fund products contain guarantees. If a significant market decline is experienced due to foreign currency movements, the resulting increased cost of providing these guarantees could have an adverse effect on Empire Life's financial position, regulatory capital ratio, and results of operations, as described above in the risk factor "Equity Risk".

Empire Life uses derivative instruments, including foreign currency forward contracts, to manage foreign exchange risks. Improper use of these instruments could have an adverse impact on earnings. Empire Life manages this risk by applying limits established by the Investment Committee in its investment guidelines, which set out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular, no leverage is permitted in the use of derivatives and strict counterparty credit restrictions are imposed.

Empire Life has a foreign exchange risk management policy which outlines objectives, risk limits and authority associated with any foreign exchange exposure. Oversight and management of this policy falls under the responsibility of the Asset Management Committee, which reports exposures and breaches to the Risk and Capital Committee of the Board.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to fund all cash outflow commitments or obligations as they fall due or that, in order to fund commitments, an entity may have to sell assets at depressed prices resulting in losses at time of sale. Cash outflows could be in the form of benefit payments to policyholders, expenses, asset purchases and interest on debt. The majority of Empire Life's obligations relate to its insurance contract liabilities, the duration of which vary by line of business and expectations relating to key policyholder actions or events (i.e., cash withdrawal, mortality, and morbidity). The remaining obligations of Empire Life relate to the subordinated debenture and Limited Recourse Capital Notes and to ongoing operating expenses as they fall due, which are expected to settle in a very short period of time.

Empire Life maintains a liquidity policy requiring an assessment of its liquidity risk and specific procedures so that liquidity needs are met in order to support all financial commitments and obligations as they become due. Compliance with the policy is monitored by the Asset Management Committee and exposures and breaches are reported to the Investment Committee of the Board.

Based on the Company's historical cash flows and current financial performance, management expects that the cash flows from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy policyholder commitments, debt service obligations and to pay other expenses.

Empire Life maintains a portion of its investments in short-term investments and cash equivalents to meet its short-term funding requirements.

Empire Life's cash flow from operations, cash and cash equivalents, and short-term investments are disclosed in its Annual Financial Statements. The maturity profile of Empire Life's financial assets and financial liabilities are disclosed in Note 23 to the Annual Financial Statements. The Company's liquidity position is disclosed in Note 23 to the Annual Financial Statements.

Credit Risk

Credit risk is the possibility of loss from amounts either owed by financial counterparties, such as debtors, reinsurers and other financial institutions, or in connection with issuers of securities held

in an asset portfolio. Empire Life is subject to credit risk that arises from debtors or counterparties who are unable to meet their obligations under debt or derivative instruments. This credit risk is derived primarily from investments in bonds, debentures, preferred shares, cash and cash-equivalents, mortgages, and amounts from reinsurers under reinsurance agreements.

Empire Life is exposed to counterparty risk if a counterparty fails to pay amounts owed to Empire Life or otherwise perform its obligations with respect to Empire Life's hedging programs. Counterparty risk increases during economic downturns because the probability of default increases for most counterparties. If any of these counterparties default, Empire Life may not be able to recover the amounts due from that counterparty. Empire Life's hedging strategies continue to evolve and its counterparty risk will change as it employs these strategies.

Empire Life manages this risk by applying its investment guidelines and its reinsurance risk management policy established by the Investment Committee and Risk and Capital Committee of the Board, respectively. The investment guidelines establish minimum credit ratings for issuers of bonds, debentures and preferred share investments, and provide for concentration limits by issuer of such debt instruments. Management and Board committees review credit quality relative to investment purchases and also monitor the credit quality of invested assets over time. Management reports regularly to the Investment Committee on the credit risk to which the portfolio is exposed. The reinsurance risk management policy (along with supporting material in the product design and pricing risk management policy) establishes reinsurance objectives and limits and requires ongoing evaluation of reinsurers for financial soundness. Empire Life enters into reinsurance agreements only with reinsurance companies that have a credit rating of "A-" or better.

Credit risk analysis includes the consideration of credit spreads. From an investment perspective, when buying credit the Company is guided by two principles; first, that there is a high likelihood of return of principal and second, that there is an acceptable return on investment. The Company looks to obtain a risk/reward balance that aligns with its objectives and risk philosophy. When determining insurance contract liabilities, credit spreads and changes in credit spreads are reflected implicitly in the interest rate assumption.

More information in connection with the credit risk to which Empire Life is exposed is contained in Note 23 of the Annual Financial Statements.

Hedging Risk

Empire Life's hedging programs will not fully eliminate the market risks related to its product guarantees and fees, and the hedging programs themselves may expose Empire Life to additional risks. Empire Life's hedging programs are not designed to completely offset all risks associated with the various exposures embedded in products. The profit (loss) on the hedge instruments employed will not completely offset the underlying losses (gains) related to its guarantee liabilities for many potential reasons including:

- policyholder behaviour and mortality experience are not hedged;
- a portion of interest rate risk is not hedged;
- credit spreads widen and actions are not taken to adjust accordingly;

- performance of the underlying funds hedged may differ from the performance of the corresponding hedge instruments;
- correlations between interest rates and equity markets could lead to unfavourable material impacts;
- unfavourable hedge rebalancing costs may be incurred during periods of high volatility from equity markets, bond markets and/or interest rates. The impact is magnified when these impacts occur concurrently; and
- not all other risks are hedged.

Empire Life's hedging programs may employ derivatives instruments including, but not limited to, swaps, options, forwards and futures. Improper use of these instruments could have an adverse impact on earnings.

Empire Life manages this risk by applying limits established by the Investment Committee in its Investment Guidelines, which sets out permitted derivatives and permitted uses for derivatives, as well as limits to the use of these instruments. In particular, no leverage is permitted in the use of derivatives and counterparty credit restrictions are imposed.

Empire Life also has hedging policies in place which govern its general fund hedging programs. The policies outline objectives, risk limits and authority associated with its hedging activities. Management monitors its hedging activities on a regular basis and reports, at least quarterly, to the Risk and Capital Committee of the Board on the status of hedging programs.

Product Risk

Product risk is the risk that actual experience related to claims, benefit payments, expenses, cost of embedded product options and cost of guarantees associated with products, does not emerge as expected. The Company is exposed to various categories of product risk as a result of the business it writes, including: mortality, policyholder behaviour (termination or lapse), expenses, morbidity, longevity (collectively referred to as insurance risk), and product design and pricing risk, underwriting and claims adjudication risk and the interplay of those activities with fair treatment of customer practices, as well as reinsurance risk. Economic and environmental events, such as natural disasters, human-made disasters as well as pandemics, could occur in regions where Empire Life has significant insurance coverage, impacting financial results. Empire Life regularly evaluates its exposure to foreseeable risks through stress testing techniques including financial condition testing.

The principal risk that Empire Life faces under insurance contracts is the risk that experience on claims, policy lapses and operating expenses will not emerge as expected. To the extent that emerging experience is more favourable than assumed in the valuation, income will emerge in addition to increases in contractual service margin ("CSM"). If emerging experience is less favourable, losses will result in addition to decreases in CSM. Therefore, the objective of the Company is to establish sufficient insurance contract liabilities to cover these obligations with reasonable certainty. Sensitivities to changes in insurance variables are outlined in Note 23 of the Annual Financial Statements.

The computation of insurance contract liabilities and related reinsurance contracts held requires “probability weighted current estimate” assumptions covering the remaining life of the policies. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market trends and other published information. These assumptions are made for mortality, morbidity, longevity, lapse, expenses, inflation and premium taxes. Due to the long-term risks and measurement uncertainties inherent in the life insurance business, a risk adjustment for non-financial risk is calculated separately for each variable and included in insurance contract liabilities. The effect of the risk adjustment for non-financial risk is to increase insurance contract liabilities over the probability weighted current estimate assumptions.

Insurance contract liability assumptions are reviewed and updated at least annually by Empire Life’s Appointed Actuary. Details related to the changes in assumptions are also discussed with the Audit Committee of the Board. The methods for arriving at the most important of these assumptions (mortality, policyholder behaviour, expenses and morbidity) are outlined in Note 23 of the Annual Financial Statements.

Product Design and Pricing Risk

Empire Life is subject to the risk of financial loss resulting from transacting insurance business where the costs and liabilities assumed in respect of a product exceed the expectations reflected in the pricing of the product. This risk may be due to an inadequate assessment of market needs, a poor estimate of the future experience of several factors, such as mortality, morbidity, lapse, future returns on investments, expenses and taxes, as well as the introduction of new products that could adversely impact the future behaviour of policyholders.

For certain types of contracts, all or part of this risk may be shared with or transferred to the policyholder through dividends and experience rating refunds, or through the fact that Empire Life can adjust the premiums or future benefits if experience turns out to be different than expected. For other types of contracts, Empire Life assumes the entire risk and must carry out a full valuation of the commitments in this regard. Empire Life may transfer some of this risk through a reinsurance arrangement. See “Reinsurance Risk” below.

Empire Life manages product design and pricing risk through a variety of enterprise-wide programs and controls. The key programs and controls are described as follows. Empire Life has a product design and pricing risk management policy governing all of its major product lines. This policy, which is established by the Product Management Review Committee and approved by the Risk and Capital Committee of the Board, defines the Company’s product design and pricing risk management philosophy. The policy sets out principles for prudent product design and pricing, fair treatment of customers, approval authorities, product concentration limits and required product development and monitoring processes and controls. Empire Life has established insurance contract liabilities in accordance with standards set forth by the IASB and CIA Standards of Practice. Experience studies (both Company specific and industry level) are factored into ongoing valuation, renewal and new business processes so that insurance contract liabilities, as well as product design and pricing, take into account emerging experience. Empire Life has established an active capital management process that includes a capital management policy and capital management levels that exceed regulatory minimums. As prescribed by regulatory

authorities, the Appointed Actuary reports annually to the Audit Committee of the Board on the Company's financial condition, outlining the impact on capital levels should future experience be adverse.

Underwriting and Claims Risk

Empire Life is subject to the risk of financial loss resulting from the selection and underwriting of risks to be insured and from the adjudication and settlement of claims. Many of Empire Life's individual insurance and group disability products provide benefits over the policyholder's lifetime. Actual claims experience may differ from the mortality and morbidity assumptions used to calculate the related premiums. Catastrophic events such as earthquakes, acts of terrorism or pandemics in Canada could result in adverse claims experience.

In addition to the risk management controls described above under Product Design and Pricing Risk, Empire Life also manages underwriting and claims risk through its underwriting and liability risk management policy which governs all of its major product lines. This policy is established by the Product Management Review Committee and approved by the Risk and Capital Committee of the Board. It defines Empire Life's underwriting and claims management philosophy and sets out principles for prudent underwriting and claims management including underwriting classification, claims requirements, fair treatment of customers, approval authorities and limits and ongoing risk monitoring and control processes. Empire Life uses reinsurance to mitigate excessive exposure to adverse mortality and morbidity experience. The Product Management Review Committee reviews and establishes retention limits for its various product lines and the Risk and Capital Committee of the Board recommends changes to these retention limits for approval by the Board. See Reinsurance Risk below for further discussion on the use of reinsurance.

Reinsurance Risk

Empire Life is subject to the risk of financial loss due to inadequate reinsurance coverage or a default of a reinsurer. Amounts reinsured per life vary according to the type of protection and the product. Empire Life also maintains a catastrophe reinsurance program, which provides protection in the event that multiple insured lives perish in a common accident or catastrophic event. Although Empire Life relies on reinsurance to mitigate excessive exposure to adverse mortality and morbidity experience, reinsurance does not release it from its primary commitments to its policyholders, and it is exposed to the credit risk associated with the amounts ceded to reinsurers. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and availability, which can also affect earnings.

The reinsurance risk management policy establishes reinsurance objectives and limits and requires ongoing evaluation of reinsurers for financial soundness. As reinsurance does not release a company from its primary commitments to its policyholders, an ongoing oversight process is critical. The Product Management Review Committee reports annually to the Risk and Capital Committee of the Board on reinsurance activities. Most of Empire Life's reinsurance is on an excess basis, meaning Empire Life retains 100% of the risk up to its retention level.

Operational Risk

Operational risk is broadly defined as the risk of loss resulting from human error, decisions, actions or failure to act, inadequate or failed internal processes and systems, or from external events that affect business operations, including fair treatment of customers. Operational risk is naturally present in all of Empire Life's business activities, as well as those of its subsidiaries. If not managed effectively, operational risk can impact Empire Life's ability to manage other risks. Effective management of operational risk contributes to and influences the operational resilience of the Company.

Significant operational risks are monitored and reported to senior management and to the committees of the Board. Enterprise-wide risk management policies, guidelines and controls have been established for all significant operational risks. Empire Life has in place an enterprise-wide Code of Business Conduct and all employees are required to attest to compliance with the code on an annual basis. The Company has in place comprehensive insurance programs, including appropriate levels of self-insurance, to provide protection against certain operational losses.

Several operational risks are described in more detail below.

Legal and Regulatory Compliance Risk

Empire Life is governed by the ICA and supervised by OSFI. Empire Life is also subject to extensive requirements imposed by legislation and regulation in each of the provinces and territories of Canada applicable to insurance companies and companies providing other financial services. This regulatory oversight is vested with broad administrative powers with respect to, among other things, dividend payments, capital adequacy and risk-based capital requirements, assets and liability valuation requirements, permitted investments and the sale and marketing of insurance contracts. Material changes in the regulatory framework could have an adverse effect on Empire Life. Failure to comply with regulatory requirements or public expectations could adversely impact Empire Life's reputation and ability to conduct business.

Empire Life's corporate compliance department, headed by the Chief Compliance Officer, oversees the regulatory compliance framework. This framework promotes risk-based management of compliance and regulatory risk and includes Company-wide policies, operating guidelines, programs to promote awareness of laws and regulations impacting Empire Life, ongoing monitoring of emerging compliance issues and regulatory changes and employee education programs that include anti-money laundering and anti-terrorist financing, privacy, information/cyber security and Empire Life's Code of Business Conduct. The framework is supported by a network of business unit compliance officers as well as the corporate legal services department. Subsidiaries maintain regulatory compliance frameworks for their respective operations with regular reporting to Empire Life's Chief Compliance Officer. The Chief Compliance Officer reports regularly to the Conduct Review Committee of the Board on the state of compliance, key compliance risks and emerging regulatory trends.

Empire Life is subject to litigation from time to time and currently has a number of outstanding lawsuits. There can be no assurance that the present or any future litigation will not have a material adverse effect on Empire Life. Litigation risk is actively managed by the Company's legal

department with regular reporting to its Audit Committee on litigation activity and trends for both the Company and industry.

Model Risk

Empire Life uses models to support many business functions including product development and pricing, valuation of insurance contract liabilities, financial planning, asset/liability management, capital management, project management, investment analysis, valuation of investments in subsidiaries and affiliates, risk management and advanced analytics (such as artificial intelligence, predictive modeling and decision-making algorithms). The risk of inappropriate use or interpretation of Empire Life's models or their output, or the use of deficient models, data or assumptions, could result in financial losses or inappropriate business decisions.

Empire Life has developed management and mitigation processes related to model use and oversight of models to limit financial, operational and strategic impacts from misinterpretation or misuse of models and their results. Senior management has overall responsibility and accountability for models in use to support activities within their business area. The Chief Risk Officer reports regularly to the Risk and Capital Committee of the Board on model use and related oversight activities.

Human Resources Risk

Competition for qualified employees, including executives, is intense both in the financial services industry and non-financial services industries. If Empire Life is unable to retain and attract qualified employees and executives, and is unable to maintain and effectively deploy resources with the in-depth knowledge and necessary skills needed to support business activities, the results of its operations and financial condition, including its competitive position, could be adversely affected.

To compete for employees within the broader financial services marketplace, Empire Life must provide competitive salaries, development opportunities, and positive and inclusive working conditions. Management reports regularly to the Human Resources Committee of the Board on recruitment, workforce and succession planning, employee development, diversity, equity and inclusion, health and wellness, and compensation practices and programs, all of which are designed to attract, motivate and retain a highly skilled workforce whose differences, stories, experiences and ideas contribute to high-performing, high-potential employees. Empire Life is committed to cultivating a diverse, engaged and sustainable organization while building an inclusive community.

Third-Party Risk

Empire Life obtains different types of goods and/or services through a number of third-party arrangements. Empire Life's business may be adversely affected if these third parties fail to deliver systems, services and/or other obligations in compliance with contractual or other service arrangements.

To mitigate this risk, Empire Life has established policies and guidelines that set out requirements to identify, assess, manage, monitor and report on third-party risks commensurate with the risks associated with the service provider and the nature of the arrangement. Quarterly reporting is provided to the Risk and Capital Committee of the Board.

Technology and Cyber Risk

Empire Life relies on technology in virtually all aspects of its business and operations, including the creation and support of new products and services, and the nature of life insurance business necessitates a substantial investment in technology. The Chief Technology Officer is responsible for the digital and data technology strategy for the Company, oversees technology initiatives and transformation projects, and reports regularly to the IT Oversight Committee of the Board on strategic information technology-related projects, initiatives and technology architecture.

Operational integrity, data integrity and security of information and systems infrastructure are all relied upon for normal business operations. Disruption to operations due to system failure, information security breaches, privacy breaches, cyber-attacks, human errors, criminal activity, fraud or the loss of certain software licensing agreements, could have a material adverse effect on Empire Life.

Information security breaches, including various forms of cyber-attack, are occurring at an increasing pace across industry sectors, governments and individuals. These malicious activities pose a significant risk to Empire Life and may result in inappropriate disclosure or use of personal or confidential information. To mitigate this risk, Empire Life has an information security program overseen by the Chief Information Security Officer, who reports regularly to the IT Oversight Committee of the Board and at least annually to the Risk and Capital Committee of the Board. This program consists of a number of standards, procedures and guidelines focused on management of cybersecurity risk and maintenance of the security and integrity of the data entrusted to Empire Life. An incident management process is in place for monitoring and managing security events. The Company continues to invest in people, processes and technology to strengthen its abilities to respond to the evolving landscape.

Privacy breaches could occur and may result in unauthorized disclosure or use of private and confidential information. To manage this risk, Empire Life has a privacy program overseen by the Chief Privacy Officer. The program includes policies and standards, ongoing monitoring of emerging privacy legislation and a network of business unit privacy officers. Processes have been established to provide guidance to employees on the handling of personal information and the reporting of privacy incidents and issues to appropriate management for response and resolution. The Chief Privacy Officer reports regularly to the Conduct Review Committee of the Board on privacy and data security risks and emerging trends.

Business Continuity Risk

Empire Life has an enterprise-wide business continuity, incident management and disaster recovery program overseen by the Business Continuity Management Committee and senior management. The program includes policies, plans and procedures designed so that, to the extent practically possible, key business functions can continue and normal operations can

resume effectively and efficiently should a major disruption of key business functions occur as a result of unanticipated events, including pandemics. Such a disruption could impact the availability of trained employees, physical locations to conduct operations and/or access to technology. Each business unit is accountable for preparing and maintaining detailed business continuity plans and processes. Empire Life establishes and regularly tests business continuity and disaster recovery plans and maintains services and failover capability designed to minimize downtime and accelerate system recovery. The Business Continuity Management Committee Chair reports at least annually to the Risk and Capital Committee of the Board on business continuity preparedness and operational resiliency.

Pension Risk

Through the defined benefit component of Empire Life's pension plan ("Plan"), the Company is exposed to a number of risks that could adversely affect Empire Life's financial condition, as follows:

Deterioration of asset values - The defined benefit Plan obligations are calculated using a discount rate set with reference to corporate bond yields; if Plan assets underperform relative to the discount rate, this will create a deficit.

Interest rate risk - A decrease in corporate bond yields will increase defined benefit Plan obligations, although this will be partially offset by an increase in the value of the Plan's bond holdings.

Longevity risk - The majority of the Plan's defined benefit obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

Risk with Respect to Risk Management Policies

Empire Life has devoted significant resources to develop its risk management policies, procedures and strategies and expects to continue to do so in the future. Nonetheless, its policies, procedures and strategies may not be comprehensive. Many of Empire Life's methods for measuring and managing risk and exposures are based upon the use of observed historical market behaviour or statistics based on historical models. As a result, these methods may not fully predict future exposures, which may be significantly greater than Empire Life's historical measures indicate. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrences or other matters publicly available or otherwise accessible to the Company. This information may not always be accurate, complete, up-to-date or properly evaluated.

Business and Strategic Risk

Business and strategic risk includes risks associated with Empire Life's potential inability to implement appropriate business plans and strategies; business opportunity risk and risks associated with the Company's potential inability to adapt to changes in economic, political or business environment; commercial practices risk; capital adequacy risk; risks associated with

Empire Life's credit and financial strength ratings and the strength of Empire Life's brand; and environmental and social risks. Empire Life and its subsidiaries regularly review and adapt their business strategies and plans in consideration of changes in the external business, economic, political and regulatory environment. Empire Life's financial performance is dependent upon its ability to implement and execute business strategies and plans for growth.

There is alignment across the Company's business strategies and plans and its risk appetite, capital position and financial performance objectives. Empire Life periodically reassesses its risk appetite taking into consideration the economic, regulatory and competitive environments in which it operates. The current environment requires Empire Life to adapt rapidly to new opportunities and challenges and to refine its strategies accordingly. If Empire Life fails to revise its strategies on a timely basis or adapt to the changing environment, it may not be able to achieve its growth objectives.

Empire Life's business strategies and plans are dependent on the successful execution of organizational and strategic initiatives designed to support the growth of its business. The ability to effectively manage these changes and prioritize initiatives directly affects Empire Life's ability to execute these strategies. Identifying and implementing the right set of initiatives is critical to achieving Empire Life's business plan targets. Failure to implement these initiatives could also lead to cost structure challenges. Successful execution of Empire Life's business strategies and plans depends on a number of factors, including its ability to (i) generate sufficient earnings to maintain an adequate level of capital, (ii) generate sustained investment performance, (iii) meet regulatory requirements, (iv) manage risk exposures effectively, (v) attract and retain customers, employees and distributors, (vi) have the right set of products, and (vii) reduce operating expenses while maintaining the ability to hire, retain and motivate key personnel. There is no certainty that Empire Life will be successful in implementing its business strategies or that these strategies will achieve its objectives. If Empire Life's business strategies are not successful or are not executed effectively, Empire Life may not be able to achieve its growth objectives or react to market opportunities, which may have an adverse impact on business and financial results. To mitigate this risk, Empire Life's business and strategic plans are reviewed and discussed by its senior management team who also monitors results against plans, reviews project management activities and key initiatives against expectations and oversees commercial practices so that products and services meet the needs of its customers. Business and strategic plans are subject to approval by the Board, which also receives regular updates on implementation progress against key business plan objectives. The Board and its subcommittees receive regular updates on key risks.

Key business and strategic risks are described in more detail below.

Environmental and Social Risk

Empire Life's business strategies are influenced by attitudes towards societal issues. Factors such as diversity, equity and inclusion and climate change are considered as part of the strategic planning process and are reflected in Empire Life's risk management program and associated policies. Collectively referred to as "ESG" (environmental, social, governance), these risks are not a stand-alone risk category, but rather underlie all risk categories (credit, market, liquidity, product, operational and business and strategic). As such, they are integrated into the Company's

enterprise risk management framework and the processes for managing them are embedded in the processes for managing each risk category.

As a long-term oriented underwriter and investor, Empire Life's financial performance, operations and reputation may be adversely affected if it does not adequately prepare for the direct or indirect negative impacts of environmental and social risks. Environmental and social risks include but are not limited to events and developments related to impacts of climate change and the transition to a lower-carbon economy, emerging regulatory and public policy developments, public health issues and issues of inequality. These risks may occur in the Company's direct operations, investment activities or other areas, such as through third party arrangements.

Empire Life's investment management team integrates ESG considerations in their investment decision-making for Company and customer assets. The Company is committed to diversity and inclusion and has reviewed its policies and practices to ensure equity and clarity. The Company is actively monitoring environmental, social and sustainability developments and has initiated efforts to embed ESG practices in all aspects of its business. Management reports regularly to the Board on emerging issues and related progress, recognizing that its strategy will evolve over time, building on experience and external developments. Additional information may be found in the Company's annual Public Accountability Report, available at empire.ca/about-us/community.

Risk with Respect to Credit and Financial Strength

Ratings with respect to credit and financial strength are an important factor in establishing the competitive position of insurance companies. Ratings are influential in maintaining public confidence in Empire Life and its ability to market its products. Rating organizations continually review the financial performance and condition of insurers, including Empire Life. Downgrades or negative outlooks with respect to Empire Life's ratings could, among other things, increase surrender levels, adversely affect relationships with investment dealers, banks, agents, wholesalers and other distributors of Empire Life products and services, negatively impact persistency, adversely affect Empire Life's ability to market its products, and materially and adversely affect Empire Life's liquidity and, in some cases its business, financial condition and operating results. In addition, negative changes in Empire Life's credit ratings could increase its cost of borrowing and have an adverse effect on its operating results.

Empire Life has established an active capital management process that includes a capital management policy and capital management levels that exceed regulatory minimums. Empire Life's capital management program and investment risk management processes (both described above) actively monitor critical factors that could impact Empire Life's credit and financial strength rating. See "Ratings of Securities" in this AIF for further details.

Capital Adequacy Risk

Empire Life is exposed to the risk that insufficient capital or access to capital will threaten its capacity to grow, execute its business strategies and plans and generate future financial returns. To the extent that the funds generated by its operations are insufficient to fund future operations, Empire Life may need to raise additional funds through equity or debt financings. Any equity or debt financing, if available at all, may be on terms that are not favourable to Empire Life.

As set out above, Empire Life has established an active capital management process that includes a capital management policy, capital management levels that exceed regulatory minimums, and capital adequacy testing that takes into account, along with other risks, the potential effect of adverse investment-risk scenarios (including adverse market conditions and adverse interest rates) on Empire Life's capital position and liquidity. Management and the Board regularly review Empire Life's capital position relative to regulatory requirements, and the allocation of capital relative to its business strategies. Empire Life uses stochastic models to monitor and manage risk associated with segregated fund guarantees and establishes insurance contract liabilities in accordance with standards set forth by the CIA. Product development and pricing policies and practices also require consideration of the impact on capital adequacy in the design, development and pricing of the products.

Empire Life is regulated by OSFI and is subject to OSFI's regulatory capital requirements. There can be no guarantee that Empire Life's capital ratios can be maintained at or above OSFI's required minimum levels.

Risk with Respect to Competition

Empire Life is subject to competition from other businesses and, as a mid-sized life insurance company, is sensitive to pricing and strategic actions that can be employed by the three largest carriers who now have in excess of 60% of all major industry segments. Empire Life's products compete not only with those offered by a large number of other insurers, but in many cases also with those offered by non-insurance financial services companies, such as banks, investment dealers and mutual fund companies, many of which have greater financial resources, offer alternative products or more competitive pricing and, with respect to some other insurers, have higher credit and claims paying ratings than Empire Life. These large competitors have economies of scale that allow them to offer lower prices than smaller competitors. Increased competition or competitive practices could materially adversely impact Empire Life's ability to conduct its business.

Empire Life manages this risk by establishing and maintaining strong relationships with its distribution channels and by delivering competitive products that provide a credible alternative to the products offered by the largest carriers. Empire Life strives to maintain a personal touch in business relationships with both distributors and customers and focuses on products and markets in which it can compete credibly with larger players. Empire Life also formally reviews its competitive position in its annual strategic planning process and focuses on operational excellence and efficiency to remain competitive.

Risk with Respect to Distribution Channels

Empire Life distributes its products through a variety of distribution channels and competes with other financial institutions to attract and retain these intermediaries and agents on the basis of products, compensation, support services and financial position. Empire Life's sales and operating results and financial strength ratings could be materially adversely affected if it is unsuccessful in attracting and retaining these intermediaries and agents.

Empire Life places a high priority on providing excellent advisor support, quality products, and competitive pricing and compensation to maintain strong distribution relationships. In addition, Empire Life's investment in independent distribution companies provides some protection to access to distribution.

Risk with Respect to Changes to Applicable Income Tax Legislation

Empire Life's results are subject to fluctuations as a result of the level of income, premium, capital and other taxes levied by tax authorities in those jurisdictions in which it conducts business. There can be no assurance as to what, if any, future tax legislation in any jurisdiction in which Empire Life operates might be enacted or, if enacted, whether any legislation would contain provisions with possible adverse effects on the sale of Empire Life's life insurance and wealth products.

Through participation in industry groups and through regular communication with regulators, Empire Life becomes aware of relevant future tax changes with sufficient lead time to enable it to eliminate or minimize the potential adverse impacts of such changes.

Risk to Brand

Empire Life may be subject to the risk that some actions, including those taken by independent advisors or other third parties with whom it does business, may lead to damage to Empire Life's brand and reputation and hence damage to its future business prospects. If any of these representatives or business partners fail to adequately perform its responsibilities, or monitor its own risk, these failures could affect Empire Life's business reputation and operations. While it seeks to maintain adequate internal risk management policies and procedures and protect against performance failures, events may occur that could cause Empire Life to lose customers or suffer legal or regulatory sanctions, which could have a material adverse effect on its reputation, business, and results of operations.

Empire Life manages risks that may impact its brand by requiring employee adherence to a Code of Business Conduct as well as other risk management guidelines and policies described elsewhere. Empire Life's corporate communications function monitors media reporting on the Company and its activities. Empire Life screens and monitors its contracted independent advisors for suitability and its independent advisors are required to adhere to Empire Life's Distribution Partner Code of Conduct and related guidelines. Management monitors activities that could give rise to reputational impacts and reports significant risks to Empire Life's senior management and the Board.

Risk with Respect to Intellectual Property

Empire Life relies on a combination of contractual rights and copyright, trademark and trade secret laws to establish and protect its intellectual property. Although it uses a broad range of measures to protect its intellectual property rights, third parties may infringe or misappropriate its intellectual property. Empire Life may have to litigate to enforce and protect its copyrights, trademarks, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss

of intellectual property protection or the inability to secure or enforce the protection of its intellectual property assets could have a material adverse effect on its business and its ability to compete. Empire Life also may be subject to costly litigation in the event that another party alleges its operations or activities infringe upon its intellectual property rights. Third parties may have, or may eventually be issued, patents that could be infringed by Empire Life products, methods, processes or services. Any party that holds such a patent could make a claim of infringement against Empire Life. Empire Life may also be subject to claims by third parties for breach of copyright, trademark, trade secret or license usage rights. Any such claims and any resulting litigation could result in significant liability for damages. If Empire Life were found to have infringed a third-party patent or other intellectual property rights, it could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to its customers or using and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on Empire Life's business, results of operations and financial condition.

Risk with Respect to Significant Ownership of Common Shares

Empire Life is an indirect subsidiary of E-L and a direct subsidiary of ELFS. E-L owns 100% of ELFS, which owns 98.3% of the outstanding Empire Life common shares. Of the remaining 1.7% of Empire Life's common shares, 1.2% is owned by E-L.

For so long as E-L, either directly or indirectly, maintains a significant voting interest in Empire Life, E-L will have the ability to exercise substantial influence with respect to Empire Life's affairs and significantly affect the outcome of shareholder votes, and may have the ability to prevent certain fundamental transactions. Additionally, this significant voting interest in Empire Life may discourage transactions involving a change of Empire Life's control.

Risk Relating to the Securities of Empire Life

Risk with Respect to Market Value

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of Empire Life's securities for reasons unrelated to Empire Life's performance. The continuing volatility in financial markets may adversely affect Empire Life and the market price of any securities it issues. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect Empire Life and the market price of its securities. Additionally, the value of its securities is subject to market value fluctuations based upon factors that influence Empire Life's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

Risk with Respect to Regulatory Constraints

Empire Life is subject to extensive regulatory oversight in the jurisdictions in which it does business. These regulations are primarily intended to protect policyholders and beneficiaries first and foremost, not shareholders. Empire Life's business could be adversely affected by changes in applicable law or regulation or the interpretation or enforcement of them.

UNITED

United faces risks associated with maintaining a global equity portfolio that are similar to the risks relating to E-L Corporate. The value of United's investment portfolio is subject to general market and economic conditions, the liquidity of its investments, and changes in the values of foreign currencies relative to the Canadian dollar.

Reliance on E-L Financial for administrative services

E-L Financial provides back-office services for United, including the preparation of financial statements and disclosure documents. The Administrative Services Agreement is terminable at the option of either party on 30 days' notice. The termination of the contract by E-L Financial could have an adverse effect on United if the services cannot be easily replaced by another party.

Conflicts of interest

United has a direct investment in a related party, Algoma, a publicly-traded Canadian shipping company. United's investment in Algoma does not present a conflict of interest for United, as it operates as a discrete entity with a separate Board of Directors, the majority of whom are independent. E-L Financial holds a 56.6% interest in United. The Administrative Services Agreement with E-L Financial provides United access to administrative services at a reasonable cost, and it does not view that relationship as presenting a conflict of interest.

Reliance on Comgest, Causeway and Neuberger Berman Canada

Approximately 98% of United's investment portfolio is actively managed by Comgest, Causeway and Neuberger Berman Canada.

The contribution of certain of their professionals is important to the performance of United's global portfolio and the loss of these professionals could have an adverse impact on the United.

Market risk

The value of United's Common Shares is dependent on the value of the securities in which it invests. The value of these investments will vary from day to day depending on a number of market factors including economic conditions, global events, market news, and on the performance of the issuers of the securities in which it invests.

Foreign investment risk

United's global securities will include investments in securities denominated in a currency other than Canadian dollars, which is the reporting currency for United. United invests in securities issued by corporations in countries other than in Canada. Investing in foreign securities can be beneficial by providing investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those which apply in Canada;
- the legal systems of some foreign countries may not adequately protect investor rights;
- political, social or economic instability may affect the value of foreign securities; and,
- foreign governments may make significant changes to tax policies which could affect the value of foreign securities.

Foreign currency risk

The investments of United denominated in other than Canadian dollars expose United to foreign currency risk. Foreign currency risk is the risk that the value of an investment denominated in foreign currency will fluctuate because of changes in exchange rates and create an adverse effect on earnings and net equity value when measured in Canadian dollars. During the year, neither the Company nor the investment managers hedged foreign currency.

Liquidity risk

The Company may be exposed to liquidity risk as it is possible that the Company will not be able to convert an investment to cash. This may be due to the size of the holding or the limited market for the investment.

Discount risk

United's share price usually trades at a discount relative to its net equity value per share. The share price is established by markets which reflect the demand and the supply for the Common Shares. As a result, United's shareholders may experience a return that is different from the net asset value return of the Company.

Securities lending risk

From time to time United participates in securities lending. Securities lending could expose the lender to the risk of counterparty failure. RBC Investor & Treasury Services ("RBC I&TS"), United's custodian, acts as lending agent. United's agreement with RBC I&TS provides that RBC I&TS, as agent for United, lends the United's securities to borrowing counterparties in exchange for a fee to be paid by these borrowers. RBC I&TS is responsible to return the borrowed securities to United when required, and RBC I&TS indemnifies United in the event of borrower default. United has recourse to the Royal Bank of Canada in the event of a failure by RBC I&TS to discharge its obligation to the Company.

Emerging markets risk

Emerging markets have the risks described under Foreign investment risk and Foreign currency risk. In addition, investments in emerging markets are more likely to experience political, economic and social instability, which may result in higher levels of market value volatility. Emerging market securities are often less liquid, resulting in settlement delays and higher trading costs.

DIVIDENDS

E-L Financial paid quarterly dividends of \$1.25 per Common Share in January and April of 2021. In May of 2021 E-L Financial's Board of Directors approved a change in the Company's dividend policy increasing the quarterly dividend per Common Share to \$2.50. In July and October of 2021 and in January, April, July and October of 2022 and in January 2023 E-L Financial paid quarterly dividends of \$2.50 per Common Share. In March of 2023 E-L Financial's Board of Directors approved a change in the Company's dividend policy increasing the quarterly dividend per Common Share to \$3.75. As of April 2023 and going forward E-L Financial paid quarterly dividends of \$3.75 per Common Share. At any time the Board of Directors may declare a special dividend on the Common Shares. E-L Financial paid special cash dividends on its Common Shares on April 14, 2022, in the amount of \$25.00 (in addition to the quarterly dividend of \$2.50 per Common Share) and on June 14, 2024, in the amount of \$60.00 per Common Share. On January 15, 2025, the Board of Directors declared a special dividend of \$150.00 per Common Share payable March 14, 2025, to shareholders of record on March 3, 2025.

Series B Preference Shares were issued on September 28, 2004, and converted into First Preference Shares, Series 1 on November 30, 2004. Quarterly dividends on the First Preference Shares, Series 1, if declared, are payable on the 17th day of January, April, July and October in each year at a rate of \$0.33125 per share.

First Preference Shares, Series 2 were issued on October 17, 2006. Quarterly dividends on the First Preference Shares, Series 2, if declared, are payable on the 17th day of January, April, July and October in each year at a rate of \$0.296875 per share.

First Preference Shares, Series 3 were issued on April 2, 2012. Quarterly dividends on the First Preference Shares, Series 3, if declared, are payable on the 17th day of January, April, July and October in each year at a rate of \$0.34375 per share.

Quarterly dividends on all series of First Preference Shares have been declared and paid since these shares were issued.

The following chart shows the dividends paid to E-L Financial by Empire and United:

Dividends Received
(millions of dollars)

Subsidiary	2022	2023	2024
Empire	\$77.2	\$80.9	\$135.5
United	\$36.3	\$9.2	\$10.2

Dividends are declared by the Board of Directors of Empire after consideration of regulatory solvency requirements, capital ratios, and growth opportunities. The dividend policy of United is to distribute quarterly Preferred Share dividends of \$0.375 per share and quarterly Common Share dividends of \$0.30 per share. If the annual net investment income is in excess of the quarterly dividends paid, an additional Common Share dividend equal to the excess will be paid following the end of the fiscal year. United's dividend policy is established by its Board of Directors at its discretion and is subject to change.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized classes of share capital at December 31, 2024 are as follows:

- 402,733 Preference Shares, issuable in series;
- Unlimited First Preference Shares, issuable in series; and
- Unlimited Common Shares.

On March 4, 2022, the Company announced the extension of its normal course issuer bid (“NCIB”) to purchase up to 184,938 Common Shares between March 9, 2022, and March 8, 2023. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2022, 40,660 shares were purchased under the NCIB at an average price of \$872.05 per share for a total consideration of \$35 million.

On March 6, 2023, the Company announced the extension of the NCIB to purchase up to 177,854 Common Shares between March 9, 2023, and March 8, 2024. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2023, 4,700 shares were purchased under the NCIB at an average price of \$900.78 per share for a total consideration of \$4 million.

On March 7, 2024, the Company announced the renewal of the NCIB to purchase up to 562,823 Common Shares between March 12, 2024, and March 11, 2025. All other provisions of the NCIB were unchanged. The price that the Company paid for Common Shares in open market transactions was the market price at the time of purchase. For the year ended December 31, 2024, no shares were purchased under the NCIB.

On August 16, 2022, the Company announced its intention to commence a substantial issuer bid (“SIB”) pursuant to which it would offer to purchase up to \$100 million of its outstanding Common Shares. On September 28, 2022, the Company announced that it had purchased 103,626 Common Shares at a price of \$965.00 per Common Share under the SIB.

On November 7, 2023, the Company announced its intention to commence a substantial issuer bid pursuant to which it would offer to purchase up to \$100 million of its outstanding Common Shares. On December 15, 2023, the Company announced that it had purchased 90,668 Common Shares at a price of \$1,050.00 per Common Share under the SIB.

As at December 31, 2023, there were issued and outstanding 258 Series A Preference Shares, 4,000,000 First Preference Shares, Series 1, 4,000,000 First Preference Shares, Series 2, 4,000,000 First Preference Shares, Series 3 and 3,461,722 Common Shares (December 31, 2022 - 3,557,090; December 31, 2021 – 3,701,376) in the capital stock of the Company. The Series A Preference Shares and the Common Shares are the only voting shares in the Company.

The Series A Preference Shares are convertible in perpetuity into Common Shares on a share for share basis and are entitled, when and if declared, to a non-cumulative dividend of \$0.50 per share per annum.

The Series A Preference Shares and Common Shares are each entitled to one vote per share.

The First Preference Shares, Series 1 are entitled to fixed non-cumulative preferential cash dividends if, as and when declared by the Board, at a rate equal to \$1.325 per share per annum. The Company may redeem for cash the First Preference Shares, Series 1 in whole or in part, at the Company's option, for \$25.00 together with all declared and unpaid dividends.

The Company may convert all or any part of the outstanding First Preference Shares, Series 1 into that number of Common Shares determined by dividing by the then applicable redemption price, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 1 are non-voting unless there has been a specified default in the payment of dividends.

The First Preference Shares, Series 2 are entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the Board, at a rate equal to \$1.1875 per share per annum. The Company may redeem for cash the First Preference Shares, Series 2 in whole or in part, at the Company's option for \$25.00 together with all declared and unpaid dividends.

The Company may convert all or any part of the outstanding First Preference Shares, Series 2 into that number of Common Shares determined by dividing by the then applicable redemption price, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 2 are non-voting unless there has been a specified default in the payment of dividends.

The First Preference Shares, Series 3 are entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the Board, at a rate equal to \$1.3750 per share per annum. The Company may redeem for cash the First Preference Shares, Series 3 in whole or in part, at the Company's option, for \$25.00 together with all declared and unpaid dividends.

The Company may convert all or any part of the outstanding First Preference Shares, Series 3 into that number of Common Shares determined by dividing by \$25.00, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 3 are non-voting unless there has been a specified default in the payment of dividends.

RATINGS OF SECURITIES

E-L Financial and Empire each engage a credit rating organization and pay reasonable fees for rating their securities.

E-L Financial

The following ratings have been assigned by the Standard & Poor's rating agency. The rating granted by a rating agency is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

First Preference Shares, Series 1	P-2 (High) Canadian national scale BBB+ global scale
First Preference Shares, Series 2	P-2 (High) Canadian national scale BBB+ global scale
First Preference Shares, Series 3	P-2 (High) Canadian national scale BBB+ global scale
4% Senior unsecured notes	A

Standard & Poor's ("S&P") long-term credit ratings are based on the likelihood of payment, the obligor's capacity and willingness to meet its financial commitment on an obligation in accordance with the terms of an obligation, as well as the protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights. The ratings reflect the level of default of payment risk. S&P adds a plus sign (+) or minus sign (-) to its categories between AA and CCC to show the relative standing of the securities within a major rating category.

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The P-2 (High) preferred share rating corresponds to the S&P's global long-term issue credit rating of BBB+.

An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

Empire Life

Empire Life engages credit rating organizations and pays reasonable fees for rating its securities. Empire Life's subordinated debentures, preferred shares and LRCN Series 1 are rated by DBRS Limited ("DBRS"). Empire Life's DBRS issuer rating is "A" (sixth highest of 22 categories), its subordinated debt rating is "A (low)" (seventh highest of 22 categories), its financial strength rating is "A" (sixth highest of 22 categories), its Preferred Share rating is Pfd-2 (fifth highest of 16 categories), and its LRCN Series 1 rating is BBB (high) (eighth highest of 22 categories). In May 2024, DBRS upgraded Empire Life's trend on all ratings to Positive from Stable. According to DBRS, the assigned ratings reflect Empire Life's position as a consistently performing life insurer

with a proven track record of generating stable earnings while maintaining a conservative risk profile.

A security credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

MARKET FOR SECURITIES

The Common Shares, First Preference Shares, Series 1, First Preference Shares, Series 2 and First Preference Shares, Series 3 are listed on the TSX under the symbols ELF, ELF.PR.F, ELF.PR.G and ELF.PR.H respectively. The 258 Series A Preference Shares are not listed on any exchange.

Common Shares, First Preference Shares, Series 1, Series 2 and Series 3 Price Ranges and Volume Traded on the TSX

Month 2024	Class	High	Low	Volume
January	First Pref., 1	20.56	19.70	23,627
	First Pref., 2	18.81	17.80	68,389
	First Pref., 3	21.60	20.44	31,962
	Common	1,049.99	1,021.00	8,605
February	First Pref., 1	20.82	20.25	26,602
	First Pref., 2	18.85	18.39	13,541
	First Pref., 3	22.00	21.15	32,750
	Common	1,048.23	1,008.90	10,261
March	First Pref., 1	20.90	20.40	13,459
	First Pref., 2	18.82	18.35	7,935
	First Pref., 3	21.96	21.21	18,906
	Common	1,088.99	1,041.65	4,804
April	First Pref., 1	20.50	19.70	20,100
	First Pref., 2	18.64	17.55	17,705
	First Pref., 3	21.69	20.16	31,928
	Common	1,110.00	1,050.01	6,950
May	First Pref., 1	21.21	19.89	31,774
	First Pref., 2	18.90	17.65	19,698
	First Pref., 3	21.93	20.25	18,767
	Common	1,153.05	1,087.28	14,651
June	First Pref., 1	21.30	20.15	24,586
	First Pref., 2	19.00	18.05	33,773
	First Pref., 3	21.93	20.99	31,638
	Common	1,150.00	1,085.00	13,391
July	First Pref., 1	21.85	20.20	13,573
	First Pref., 2	19.75	18.18	30,579
	First Pref., 3	22.57	21.00	23,603
	Common	1,338.00	1,081.00	9,650
August	First Pref., 1	22.10	21.35	47,010
	First Pref., 2	19.91	19.23	89,080
	First Pref., 3	22.81	22.24	53,769

	Common	1,405.00	1,239.06	7,270
September	First Pref., 1	22.60	21.95	20,000
	First Pref., 2	20.59	19.90	13,613
	First Pref., 3	23.46	22.75	45,692
	Common	1365.01	1,206.09	4,986
October	First Pref., 1	22.80	21.99	24,713
	First Pref., 2	20.55	19.94	28,652
	First Pref., 3	23.50	22.74	32,142
	Common	1,400.00	1,290.00	1,985
November	First Pref., 1	21.98	21.10	19,601
	First Pref., 2	19.85	19.10	24,468
	First Pref., 3	22.78	21.96	36,234
	Common	1,500.00	1,399.99	2,266
December	First Pref., 1	22.20	21.32	40,000
	First Pref., 2	20.17	19.38	19,299
	First Pref., 3	23.00	22.10	75,401
	Common	1,492.90	1,299.52	8,718

DIRECTORS AND EXECUTIVE OFFICERS

Name and Residence ⁽¹⁾⁽²⁾	Present Principal Occupation ⁽³⁾	Director Since ⁽⁴⁾
Duncan N.R. Jackman	Chairman, President and CEO E-L Financial Corporation Limited	April 25, 1997
M. Victoria D. Jackman	Executive Director Hal Jackman Foundation	May 10, 2018
Peter J. Levitt	Corporate Director	May 10, 2023
Elizabeth M. Loach ⁽⁵⁾	Head, Private Markets, Pension Investment Management Canada Imperial Bank of Commerce	May 10, 2023
Clive P. Rowe	Corporate Director	May 13, 2014
Stephen J.R. Smith	Executive Chairman First National Financial LP	May 10, 2018
Mark M. Taylor ⁽⁵⁾	Treasurer Canadian Northern Prairie Lands Inc.	May 1, 2003
Scott F. Ewert	Vice-President and CFO E-L Financial Corporation Limited	n/a
Richard B. Carty	Vice-President, General Counsel and Corporate Secretary E-L Financial Corporation Limited	n/a
Fahad Khan	Vice-President and Chief Investment Officer E-L Financial Corporation Limited	n/a
Susan C. Clifford	Treasurer E-L Financial Corporation Limited	n/a

(1) All Directors and Executive Officers reside in Ontario, Canada with the exception of Mr. C.P. Rowe who is resident in Florida, U.S.A.

(2) None of the Directors or Executive Officers holds Series A Preference Shares. The total number of Common Shares of E-L Financial beneficially owned, or controlled or directed, directly or indirectly, or over which control or direction is exercised, by all Directors and Executive Officers as a group is 5,672 (0.16%).

- (3) Other than as described herein, all directors and executive officers have been in their present principal occupation for the last five years.
- (4) The terms of office of all Directors expire at the time of the Annual Meeting of the Shareholders. Each Director has served continuously from the year indicated. The Hon. H.N.R. Jackman previously served as a Director from 1968 to 1991.
- (5) In 2024 members of the Audit Committee were Messrs. Peter J. Levitt (Chairman), and Mark Taylor, and Ms. Elizabeth M. Loach. For more information on members of the Audit Committee see Audit Committee Information commencing on page 42.

LEGAL PROCEEDINGS

In connection with its operations, Empire Life is from time to time named as defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, neither E-L Financial nor Empire Life believe that they will incur any material loss or expense in connection with such actions.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of E-L Financial, nor any person who has direct or indirect beneficial ownership of, or who exercises control or direction over more than 10% of any class of outstanding voting securities or any associate or affiliate of such persons, has entered into any transaction with E-L Financial that has materially affected or will materially affect E-L Financial.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Series A Preference Shares, First Preference Shares, Series 1, First Preference Shares, Series 2, First Preference Shares, Series 3, and senior unsecured notes is Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP is the external auditor for E-L Financial, Empire Life and United, and it has advised that it is independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

Will Featherstonhaugh, F.S.A., F.C.I.A., is the Appointed Actuary for Empire Life. Among other duties, the Appointed Actuary values the insurance contract liabilities of the insurer on an annual basis in accordance with accepted Canadian actuarial practices and provides an opinion as to whether the amount of insurance contract liabilities are appropriate for their purpose and whether the valuation of liabilities is fairly presented in the financial statements of the insurer. Will Featherstonhaugh has no direct or indirect interest in the securities or property of E-L Financial or Empire Life.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee mandate is attached to this AIF as Appendix A.

Composition of the Audit Committee

As of December 31, 2024, E-L Financial's Audit Committee consisted of, Peter J. Levitt (Chair) Elizabeth M. Loach and Mark Taylor. Each of these individuals is "independent", and "financially literate", as those terms are defined in relevant Canadian securities legislation. The following is the education and experience of each Audit Committee member that is relevant to his or her skills at: (a) understanding accounting principles used by the Company to prepare its financial statements; (b) assessing the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or actively supervising one or more persons engaged in such activities; and (d) understanding of internal controls and procedures for financial reporting.

Relevant Education and Experience

- Peter J. Levitt – Mr. Levitt has been a director of the company since 2022 and the Chair of the Audit Committee since 2023. Mr. Levitt was a director of Home Trust from 2023 to 2024 and became a director of Fairstone Bank in 2025, following its merger with Home. Mr. Levitt was appointed to the Board of United for Literacy in 2016 where he chaired the Audit and Finance Committee until 2023, when he became Chair of the United for Literacy Foundation. Mr. Levitt was appointed to the Sinai Hospital Foundation Investment Committee in 2016 and was on the Advisory Committee of Novacap Financial Services private equity fund from 2019 to 2024. Mr. Levitt was appointed to the Advisory Board of Global Economics Group in 2024. Mr. Levitt Co-Chairs the C.D. Howe Financial Services Research Initiative and joined the Domestic Stability Buffer Council in 2023. Mr. Levitt's 43-year career in Financial Services includes Global head of Treasury and Taxation at CIBC, Global Treasurer of Manulife, head of Capital Finance at TD Bank, Global Controller and Treasurer of TD Securities and CFO for Wealth Management at both Canda Trust and TD Bank following the merger. Prior to that he worked for 18 years in technology, treasury and finance roles at Anglo American Life and Canada Trust. Mr. Levitt completed a Computer Science Diploma at Van Zyl and Pritchard (South Africa) and an MBA at the Ivey School of Business, University of Western Ontario.
- Elizabeth M. Loach - Ms. Loach has been a director of the Company and a member of the Audit Committee since 2023. Ms. Loach is Head of Private Markets at the CIBC Pension Plan. She serves on a number of Limited Partner Advisory Committees. Previously, Ms. Loach was a Partner at HOOPP Capital Partners and a Vice President in Mergers & Acquisitions at TD Securities. Ms. Loach holds an Hons. B.A. in Economics from Queen's University and an MBA from the University of Toronto.

- Mark Taylor- Mr. Taylor is a seasoned executive with extensive experience in corporate governance and financial management. He has served as a Director of the Company since 2003 and has been member of the Audit Committee since 2024. Mr. Taylor is also the Treasurer of Canadian Northern Prairie Lands Company Inc. and has been a Director at Economic Investment Trust Limited since 2000. His distinguished career includes a tenure at E-L Financial Corporation Limited, where he held several senior roles, including Executive Vice-President and Chief Financial Officer from 2004 to 2015, Vice President of Finance from 1991 to 2015, and Treasurer from 1987 to 1991. Earlier in his career, Mr. Taylor worked at Price Waterhouse, now PricewaterhouseCoopers Ltd, from 1981 to 1987. Additionally, Mr. Taylor has served as a director on the boards of prominent organizations, including The Empire Life Insurance Company (2003-2023), The Dominion of Canada General Insurance Company (2003–2013), and United Corporation Limited (2001–2021). He holds a Bachelor of Commerce degree from McMaster University.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures (the “Policies”) for the pre-approval of services performed by the external auditor. The objective of the Policies is to maintain the independence of the external auditor. The Policies state that the Audit Committee shall approve: audit services and audit-related, tax and other non-audit services, provided by the external auditor.

The Policies also enumerate pre-approved services including specific audit, audit-related, tax and other non-audit services that are consistent with the independence requirements of Multilateral Instrument 52-110, *Audit Committees*, Canadian independence standards for auditors and other applicable legal requirements. The Policies are applicable to E-L Financial and its subsidiaries. The Audit Committee shall review and approve the Policies on at least an annual basis. The Policies do not delegate any of the Audit Committee’s responsibilities to management of E-L Financial.

External Auditor Service Fees

The fees paid to PricewaterhouseCoopers LLP in the last two years are summarized in the following table:

(chart and notes following in thousands of dollars)

	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees	Total
Empire					
2023	\$1,721	\$369	\$0	\$0	\$2,091
2024	\$1,914	\$512	\$0	\$0	\$2,426
E-L Financial					
2023	\$323	\$0	\$5	\$0	\$328
2024	\$288	\$0	\$37	\$0	\$325
United					
2023	\$76	\$0	\$0	\$0	\$76
2024	\$79	\$0	\$0	\$0	\$79

Fees do not include Goods and Services Tax, Harmonized Sales Tax or Canadian Public Accountability Board fees.

- Audit services generally relate to annual audit of the consolidated financial statements, other regulatory-required auditor attest services relating to internal controls and services associated with the annual report, and other documents filed with securities or regulatory bodies or other documents issued in connection with securities offerings.
- Audit-related services include audits of pension plan financial statements, accounting consultations and other services related to the financial statements, but not considered part of the audit.
- Tax services outside of the audit scope represent consultations for tax compliance, tax advice, capital market transactions, insurance, capital tax and assistance with the preparation of corporate tax returns.
- Other non-audit services may include translation services and benchmarking financial reporting practices.

ADDITIONAL INFORMATION

Additional information relating to E-L Financial may be found on SEDAR+. Further information, including directors' and officers' remuneration and indebtedness and the principal holders of E-L Financial securities, is disclosed in the E-L Financial Management Information Circular for its annual meeting of shareholders. Additional financial information is provided in the interim and annual financial statements and Management's Discussion & Analysis ("MD&A") of E-L Financial for the year ended December 31, 2023. In addition to SEDAR+, copies of the Management Information Circular and the interim and annual financial statements and MD&A are available upon written request to the Secretary at the head office of E-L Financial.

Appendix A

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.