



## **AUDIT COMMITTEE CHARTER**

**EFFECTIVE AS OF FEBRUARY 28, 2019**

This Audit Committee Charter (the “**Charter**”) sets out the mandate and responsibilities for the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Olympia Financial Group Inc. (the “**Corporation**”).

### **PURPOSE OF THE COMMITTEE**

The Committee's primary purpose is to assist the Board in carrying out its responsibilities with respect to the oversight of:

- The quarterly and annual financial statements and management’s discussion and analysis (“**MD&A**”), which are to be provided to shareholders and the appropriate regulatory agencies.
- Earnings press releases before the Corporation publicly discloses this information.
- The system of internal controls that the Corporation’s management (“**Management**”) has established.
- The internal and external audit process.
- The appointment of the external auditor.
- The identification, management and mitigation of major financial risk exposures of the Corporation.

While the Committee has the responsibilities and powers set forth in this Charter, the role of the Committee is oversight. It is not the duty of either the Committee or of any individual member of the Committee to conduct audits or investigations or to determine whether the Corporation’s financial statements and disclosures are complete and accurate or have been prepared in accordance with applicable financial accounting rules and principles or the Corporation’s corporate policies and procedures. These are the responsibilities of Management and the external auditor. Management and the external auditor are also responsible to conduct investigations and to assure compliance with laws and regulations and any policy adopted by the Corporation.

## **COMPOSITION, INDEPENDENCE, EXPERIENCE AND AUTHORITY**

The Committee shall be composed of a minimum of three members, all of whom shall be directors of the Corporation, as determined by the Board in consideration of the requirements of National Instrument 52-110 ("**NI 52-110**"), the By-Laws of the Corporation, applicable laws, rules and regulations and any other relevant legislative requirement. One of the members shall serve as the Chair of the Committee, as determined by the Board.

Members shall be appointed by the Board based on nomination recommendations of the Corporate Governance Committee. Committee members may be removed or replaced at any time by the Board, and will, in any event, cease to be a member of the Committee upon ceasing to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

No member of the Committee may be an officer or a former officer of the Corporation within the last three years. Every member of the Committee shall be independent of the Corporation within the meaning of applicable laws, rules and regulations or any other relevant legislative requirements as determined by the Board.

All members of the Committee shall meet the independence and financial literacy requirements set forth in NI 52-110.

The Board shall monitor the Committee to ensure that these membership requirements are satisfied on a continuous basis.

## **MEETINGS**

The Committee shall meet as frequently as it determines necessary but not less frequently than once each quarter. Meetings may be called by the Chair of the Committee or any other member of the Committee. The Chair of the Committee must call a meeting when requested to do so by any member of the Committee, the external auditor, the President, the Chief Financial Officer or the Chair of the Board.

Committee members will strive to be present at all meetings either in person, by telephone or other communications facilities as permit all persons participating in the meeting to hear each other.

For the Committee to transact business, a quorum of the Committee must be present. A majority of Committee members present in person, by telephone, or by other permissible communication facilities will constitute a quorum. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present. Each member is entitled to one vote in Committee proceedings.

The Chair shall preside at all meetings of the Committee at which he or she is present and shall, with input from the Chief Financial Officer, Internal Auditor and external auditor, develop the agenda for each Committee meeting. The agenda for each meeting of the Committee shall be delivered to each member of the Committee at least 48 hours prior to any meeting of the Committee, together with such other materials as the Chair determines

necessary. Minutes shall be kept of all meetings of the Committee and shall be maintained by the Corporate Secretary.

The Committee shall have separate private meetings with the Internal Auditor and Management, on a quarterly basis, and with the external auditor, on an annual basis, to discuss any matters that the Committee or the previously identified groups believe should be discussed. The Committee may request any officer or employee of the Corporation, or the Corporation's internal or external auditor or legal counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

## **REPORTING TO THE BOARD**

At each quarterly meeting of the Board, the Chair or other member of the Committee shall provide the Board with a written report with respect to its activities and recommendations.

## **AUTHORITY**

Subject to any prior specific directive by the Board, the Committee is granted the authority to investigate any matter or activity involving accounting, financial reporting or the internal controls of the Corporation. The Committee shall have full, free and unrestricted access to Management and employees and shall have the authority to retain, at the Corporation's expense, independent legal counsel, advisors and consultants to advise the Committee as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants.

## **SPECIFIC DUTIES AND RESPONSIBILITIES**

The Committee will have the oversight duties responsibilities and specific duties as described below:

### Financial Reporting

The Committee shall review with Management and the external auditor:

- The appropriateness of the Corporation's accounting principles and financial statement reporting and any major issues that arise.
- Any significant changes to the application of the Corporation's accounting principles and the effects on financial reporting as such changes are recommended by Management or the external auditor.
- The accounting treatment of significant risks and uncertainties.
- Any regulatory and accounting initiatives.
- Any significant changes to the initial audit plan.
- Key estimates and judgments of Management that may be material to the Corporation's financial reporting.

- Any significant audit or financial reporting issues identified during the relevant financial period and their resolution.

Prior to their public disclosure, the Committee shall review with Management the following information and, if satisfied, shall recommend their approval by the Board:

- The Corporation's quarterly interim unaudited financial statement and MD&A.
- Any earnings press release to be issued by the Corporation.
- Any other public documents of containing the Corporation's financial information other than those that contain earnings coverage ratios, capitalization tables or summary financial information extracted or derived from financial statements previously reviewed by the Committee.
- Any annual financial statements and regulatory returns of any the Corporation subsidiary, as may be required by the Board.

Prior to their public disclosure, the Committee shall review with Management and external auditor the annual audited consolidated financial statements and MD&A, together with the report of the external auditor thereon and, if satisfied, shall recommend their approval by the Board.

The Committee's review of any financial statement or financial information shall include a review with Management of the presentation and impact of significant risks and uncertainties, as well as key estimates and judgments of Management that may be material to the statements or disclosure.

Before recommending any financial statements or financial information to the Board for approval, the Committee shall seek confirmation from Management that such financial statements or financial information, together with the other financial information included in the Corporation's annual and interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

### Internal Controls

The Committee shall:

- Have oversight responsibility for management reporting on internal controls.
- Understand the framework used to assess internal control.
- Discuss the approach to testing and reporting with Management, internal audit, and the external auditor.
- Require Management to design, implement and maintain appropriate internal control procedures (including controls related to the prevention, identification and detection of fraud).
- Review, evaluate and approve the internal control policies and procedures established by Management.

- Meet periodically with the Internal Auditor and with Management to discuss the effectiveness of the Corporation's internal control policies and procedures.
- Review Management's assessment of the effectiveness of the Corporation's internal controls over financial reporting contained in annual filings under applicable securities laws and the external auditor's attestation and report thereon.
- Review certifications on the review of internal controls in place to mitigate key financial reporting risks as required under applicable securities laws.
- Review reports from Management and the Internal Auditor as to the existence of any significant deficiencies or material weaknesses in the design or operation of the Corporation's internal controls which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls and any significant changes in internal controls over financial reporting that are disclosed in regulatory filings.
- Review Management's responses and the implementation of an action plan for rectifying such deficiencies and weaknesses.
- Assess, and help set, the "tone at the top".

#### Risk Management

The Committee shall:

- Possess or acquire the appropriate knowledge with respect to the extent to which Management has established an effective enterprise risk management system.
- Identify and monitor the Corporation's key business risks and evaluating measures taken by the Corporation to manage them.
- Be aware of and concur with the Corporation's risk appetite assessment.
- Meet periodically with those individuals responsible for risk identification, assessment, and management throughout the Corporation.
- Understand the internal audit's role and planned coverage and meet periodically with the Internal Auditor.
- Discuss with Management its processes to identify events that put the Corporation at risk, including fraud risk, and how Management assesses the likelihood and impact of identified risks.
- Review financial reporting risks and consider the level of risk against the Corporation's risk appetite assessment.
- Discuss with Management to assess the controls currently in place to mitigate key financial reporting risks and their effectiveness.
- Ensure that the Committee receives the information needed to evaluate the risk management process effectively.

- Approving risk management policies that establish the appropriate decision-making levels and other controls to manage risk.
- Satisfying itself that policies are in place to manage the risks to which the Corporation is exposed, including market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk.
- Report periodically on risk management matters to the Board, including an analysis of future risks, considering current and future trends.

In addition, the Committee should meet with key individuals within the various business units to understand their perspective on the Corporation's risk management practices and related internal controls.

### Internal Audit

The Committee shall:

- Review the appointment of the Internal Auditor.
- Review, at least annually, the audit coverage, planned areas of audit focus, staffing and financial resources, organizational structure and operating principles and processes of the internal audit function and, if appropriate, recommend changes.
- Review and approve the Corporation corporate policy setting out the terms of reference and mandate of the Internal Auditor.
- Review the independence of the internal audit function.
- Review the quarterly report of the Internal Auditor, together with Management's response to any identified weaknesses, including reports on internal controls over all forms of organizational risk (credit, operational, fraud).
- Review, at least semi-annually, with the Internal Auditor reports of regulators to the Corporation and the resultant action by Management.
- Review any other reports submitted to the Committee by the Internal Auditor.

### External Auditor

The Committee shall with respect to any external auditor preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation:

- Review and evaluate the qualifications, performance and independence of the external auditor and require the rotation of members of the audit engagement team (including the lead audit partner).
- Recommend to the Board the external auditor to be nominated and, where appropriate, recommend to the Board the termination of the current external auditor.

- Review the terms of the external auditor's engagement, the annual audit plan and the appropriateness and reasonableness of the proposed audit fees and make recommendations to the Board as appropriate.
- Recommend to the Board the compensation of the external auditor.
- Directly oversee the work of the external auditor.
- Review the scope and results of the audit conducted by the external auditor with the external auditor, the Internal Auditor and Management, including:
  - the external auditor's evaluation of the Corporation's internal controls over financial reporting that the external auditor tested and relied upon and any recommendations related thereto.
  - the degree of cooperation the external auditor received from Management and any problems experienced by the external auditor in conducting the audit including any restrictions imposed by Management or significant accounting issues on which there was a disagreement with Management.
  - the existence of problems or potential problems related to accounting or auditing matters.
  - the external auditor's audit findings letter, Management's response and subsequent follow-up with respect to any identified deficiencies.
  - the appropriateness and quality of all critical accounting policies and practices used by the Corporation and the selection of new policies and practices (including those policies for which Management is required to exercise discretion or judgment).
  - any alternative treatments of financial information that have been discussed with Management and the ramifications of their use and the external auditor's preferred treatment.
  - advise the Board of the Corporation's performance in these areas.
- Meet with the external auditor without Management present to review and ask the external auditor to report on any audit problems and difficulties, including any significant disagreements, unresolved issues as well as Management's response thereto and consultations with Management as well as any other matters the external auditor believes the Committee should be aware of in order to satisfy its responsibilities.
- Oversee the resolution of any disagreements between the external auditor and Management regarding any financial reporting issues.
- Review all material correspondence between the external auditor and Management related to audit findings.
- Evaluate the external auditor's audit performance, considering Management's evaluation of such performance.

- Review any investments or transactions that could adversely affect the wellbeing of the Corporation as the external auditor or any officer of the Corporation may bring to the attention of the Committee.
- Pre-approve all non-audit services to be provided to the Corporation, or any of its subsidiaries, by the Corporation's external auditor.
- Review any notices required to be delivered to the Committee by the external auditor relating to the external auditor's failure to address defects in its quality control systems to the satisfaction of the Canadian Public Accountability Board and/or the Public Company Accounting Oversight Board and make recommendations to the Board as appropriate.
- Be responsible for actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and for recommending that the Board take appropriate action to ensure the independence of the external auditor.

#### Legal and Compliance Matters

The Committee shall:

- Review with General Counsel on a quarterly basis any litigation matters that could significantly affect the Corporation's financial statements.
- Review with the General Counsel the adequacy and effectiveness of the Corporation's policies and procedures in ensuring legal and regulatory compliance.
- Review with the General Counsel the material communication between the Corporation and any governmental regulatory body, and any actions taken by Management as a result of such communication.
- Provide oversight as needed to ensure that the Corporation's compliance program effectively prevents or detects violations by the Corporation employees, officers, directors and other agents and associates of the Corporation in accordance with law, regulation, the Corporation policy and any special conditions imposed on the Corporation by any licensing authorities.

#### Whistleblower Matters

The Committee shall:

- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding questionable accounting, internal controls over financial reporting or audit matters.
- Establish procedures for the confidential, anonymous submission by the Corporation employees of concerns regarding questionable accounting, internal controls over financial reporting or audit matters.

- Review quarterly reports relating to employee concerns, including concerns related to questionable accounting, internal controls over financial reporting or audit matters.

### Confidential Information

The Committee shall:

- Monitor the procedures established by the Corporation and its subsidiaries to restrict the use and disclosure of confidential information, including customer and employee information, and to monitor compliance with the obligations imposed by applicable privacy legislation.
- Review reports to the Committee relating to the use and disclosure of customer and employee information.

### Conflicts of Interest

The Committee shall monitor the procedures established by the Corporation and its subsidiaries to identify, resolve, and where possible, reduce incidences of, conflict of interest.

### Other Responsibilities

The Committee shall:

- Perform other activities related to this Charter as requested by the Board.
- Institute and oversee special investigations as needed.

## **AUDIT COMMITTEE CHAIR**

The Chair of the Committee shall be appointed by the Board. The Chair of the Committee leads the Committee in all aspects of its work. The Chair is responsible for ensuring that the Committee is properly organized and that its affairs are managed effectively. More specifically, the Chair of the Committee shall:

- Provide leadership to enable the Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and as otherwise may be appropriate.
- In consultation with the Board Chair and the General Counsel, ensure that there is an effective relationship between management and the members of the Committee.
- Chair meetings of the Committee.
- In consultation with the Board Chair and the Chief Financial Officer, determine the frequency, dates and locations of meetings of the Committee.

- Ensure, in consultation with the Board Chair, the Chief Financial Officer and the General Counsel, that all items requiring the Committee's approval are appropriately tabled.
- Ensure the proper flow of information to the Committee and review, with the President, and as required, other Officers, the adequacy and timing of materials in support of management's proposals.
- Carry out any special assignments or any functions as requested by the Board.

#### **CHARTER REVIEW AND ASSESSMENT**

This Charter will be reviewed at least annually by the Corporate Governance Committee, to ensure that the procedures remain consistent with regulatory requirements, and with overall goals and objectives of the Corporation. This Charter may only be changed by the written action and approval of the Board.