

## **CHARTER OF THE FINANCE AND AUDIT COMMITTEE LIBERTY MUTUAL HOLDING COMPANY INC.**

### COMMITTEE CHARGE

The Board of Directors of Liberty Mutual Holding Company Inc. (the “Company”) delegates to the Finance and Audit Committee (the “Committee”) oversight responsibilities to reasonably assure that the Company maintains an adequate system of internal control with respect to the accounting and financial reporting processes, audits of financial statements, safeguarding of assets, compliance with applicable laws and regulations, and has primary oversight of the performance and independence of both the Company’s External Auditor and the Internal Audit function. In addition, the Committee serves as the Audit Committee for each insurance company in the Liberty Mutual group of companies for purposes of the National Association of Insurance Commissioners’ *Annual Financial Reporting Model Regulation*, as adopted in all applicable U.S. states.

### ORGANIZATION AND MEETINGS

The Committee will be composed entirely of members of the Board of Directors of the Company and will have a minimum of three members. All members of the Committee shall be independent directors and shall have no relationship that would interfere with the exercise of his or her independent judgment in carrying out his or her director responsibilities. A majority of Committee members shall constitute a quorum.

All Committee members should have a reasonable understanding of applicable finance and accounting practices. At least one member will have significant financial or accounting experience. Upon recommendation of the Governance and Sustainability Committee, the Committee and its Chair will be elected by the Board of Directors. Written minutes of the Committee’s proceedings will be kept. The Committee will meet at least four times a year with the Chief Internal Auditor and the External Auditor to discuss audit, financial reporting and control-related issues. The Chair or the Chair’s designee will report to the Board of Directors following each Committee meeting. At least once per year, the Committee will meet with the Chief Internal Auditor, the External Auditor and members of management in separate executive sessions.

### AUTHORITY AND RESPONSIBILITIES

The Committee has oversight responsibilities for the following with respect to the Company, Liberty Mutual Insurance Company, and any other insurance company whose policyholders are by law entitled to be members of Liberty Mutual Holding Company Inc.; however, the primary responsibility for these areas resides with management.

- Internal Controls - The Committee will oversee the adequacy of the internal controls. These controls should be designed to provide reasonable assurance that assets are safeguarded, and business transactions are properly authorized and recorded.
- Financial Reporting and Integrity of the Financial Statements - The Committee will:

- Receive reports on significant and anticipated changes in accounting policy, procedures and/or reporting practices from management as needed.
  - Review with management and with the External Auditor the quarterly and year-end financial statements and opinions, and earnings releases, including major issues regarding accounting principles and practices, prior to external release.
  - Review other matters related to the conduct of the audit that are required to be communicated to the Committee under auditing standards generally accepted in the United States.
  - Review the findings of significant financial examinations by state insurance departments.
  - Discuss legal and compliance matters that could have significant impact on the Company's financial statements, including material litigation.
- Internal Audit – The Chief Internal Auditor is ultimately responsible to the Committee. Management will recommend the selection of the Chief Internal Auditor as needed; however, the Committee will retain responsibility for the appointment and oversight of the Chief Internal Auditor. The Committee will review and approve the Internal Audit Charter and any significant changes to the Charter on an annual basis. The Committee will review the annual Internal Audit plan, significant internal control issues, and the status of management actions. It will also reasonably satisfy itself that internal audit activities were carried out with the support of management pursuant to its responsibilities in terms of scope of work or access to required information.
- External Audit - The External Auditor is ultimately responsible to the Board of Directors and the Committee. Management will recommend the selection of the External Auditor; however, the Committee will retain responsibility for the appointment, compensation and oversight of the External Auditor. Following the Committee's appointment, the selection will be presented for a vote by the members at the Annual Meeting. The Committee will review the independence of the External Auditor and its proposed audit plan. At least annually, the Committee will obtain and review a report by the External Auditor describing the most recent internal quality control review of the firm. The Committee will ensure that the Company adheres to clear hiring policies for employees or former employees of the External Auditor. The Committee will discuss with the External Auditor the matters required to be discussed by the applicable standards relating to the conduct of the audits of the financial statements prepared in accordance with accounting standards generally accepted in the United States and in accordance with statutory accounting standards. Annually, the Committee will evaluate the performance of the External Auditor.
- Fees - Audit services and permitted non-audit services will be pre-approved, at least annually, by the Committee. An estimate of the audit-related, tax and other non-audit fees will also be reviewed and pre-approved if (1) the anticipated fee for a specific new engagement or (2) the expected aggregate fees for similar projects in an audit-related or a non-audit service category is expected to exceed \$1,000,000. The Committee may delegate pre-approval authority for audit-related and non-audit services to the Committee Chair. A cumulative summary of all audit and non-audit fees will be reviewed at each meeting.

- Complaints – The Company will report to the Committee on complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

The Committee will have the authority and funding to engage outside advisers to investigate matters within the scope of its oversight responsibilities.

To facilitate its oversight responsibilities, the Committee will maintain open lines of communication with management, in particular the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, and the Company's External Auditor.

The Committee will:

- Review and approve this Charter on an annual basis.
- Evaluate its performance in accordance with the Charter and policies and procedures established by the Board of Directors.