



CIC INSURANCE GROUP PLC

TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

NOVEMBER 2023

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A INTRODUCTION

This document stipulates the Terms of Reference (TOR) for the Board Audit and Risk Committee (BARC), of CIC Insurance Group Plc (CIC Group), in carrying out its role and responsibilities. The TORs are in accordance with the Insurance Regulatory Authority's Guidelines on Risk Management and Internal Controls, Guidelines on the Actuarial Function on reporting requirements S.8.0 and Guidelines on Group-wide Supervision Regulations 2020.

B PURPOSE

The BARC's purpose is to assist the Board of Directors in carrying out their responsibilities as they relate to the management of business risks and internal controls and the conduct of business in accordance with the Company's policies and procedures and relevant legislation.

The Committee's primary focus is to be satisfied that the Company's business risk management and internal controls are appropriate, effectively managed and comply with stipulations from the industry regulator namely, the Insurance Regulatory Authority. The Committee will also ensure that any business risks and control issues or significant weaknesses are identified and the appropriate and timely steps and action are taken by Management.

The Committee will seek to satisfy itself that internal and external audits are effective in providing assurance with respect to the management of the risk environment faced by CIC Group and that effective and adequate internal controls are in place.

C AUTHORITY

The Board has established the BARC and delegated responsibilities to the Committee and mandated it to carry out these responsibilities, as set out in this TOR. Through the Board, the Committee is authorised to seek any information, relevant and pertinent, from management that is required to enable the Committee fulfil its responsibilities.

The Committee may obtain external legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise whenever deemed necessary.

The Committee should meet at least twice in a year with the internal auditors, without management being present. These may be separate meetings or meetings held before or after a scheduled audit Committee meeting. The private audience can apply to external auditors, when needed.

D COMPOSITION

To enhance the independence and effectiveness of the Committee, the composition and structure should meet the following requirements:

- The Committee should comprise only non-executive directors with at least three (3) members;

- The majority of the Committee members should be independent non-executive directors;
- The Chairman of the Board should neither be the Chairperson nor a member of the Committee, but may be invited to attend meetings as necessary by the Chairperson of the Committee; and
- At least one member of the Committee should have accounting expertise or experience in the field of finance and be in good standing with his or her respective professional body.

The Committee is required to meet at least four times annually. Quorum will be considered to have been met with two members present at any meeting. In the event of not having a quorum, any other Board members, except for the Chairman, may be co-opted to attend a meeting, provided the majority of the quorum are full members of the Committee.

In the absence of the Committee Chairperson, the Committee members present may appoint one of the other Committee members present to Chair that particular meeting.

The Secretary of the Committee is the Group Chief Internal Auditor (GCI A).

The Group Chief Executive Officer and Group Chief Financial Officer shall be in attendance in all meetings unless otherwise advised.

In order to perform his or her role effectively, each Committee member should obtain an understanding of these TORs as well as the company's business, operations and risks.

E ROLE AND RESPONSIBILITIES

The BARC will by means of appropriate and necessary information, ensure that the risk management policies and framework are comprehensive and adequate to identify business risks and that the internal control systems in place are adequate as measures of mitigation against the identified business risks, and that these are monitored for effectiveness. This should enable business to be conducted in a proper, economically sound and ethical manner. Overall responsibilities in summary are the:

- identification and management of key business risks;
- efficiency and effectiveness of all internal controls;
- safeguarding of assets;
- reliability of financial and non-financial information;
- compliance with relevant national laws and regulations; and
- compliance with the Code of Conduct and Ethics.

Detailed responsibilities:

1. To ensure existence of, and evaluate the Business Risk Management procedures and obtain the assurance that risks to the business have been adequately identified, controlled and are being monitored.
2. To ensure and review the existence, adequacy and effectiveness of internal controls and other matters affecting the financial performance and financial reporting including

information technology security and control. Through internal audits, obtain assurance that these internal control systems are operating effectively and efficiently with regular monitoring.

3. Ensure the periodic review, updating and approval of policies, if any, that fall under the mandate of the BARC.
4. To interact with the Internal audit function through the GCIA, as follows:
 - 4.1 To review and approve the annual internal audit work plans ensuring that risk-based audit areas have been appropriately identified and allotted in the work plan based on criticality and level of risk;
 - 4.2 To be satisfied that the internal audit function has the necessary resources and budget to implement the approved audit work plans. The Committee should be updated with changes in resources, especially if it could potentially affect implementation of CIC Group's audit work plan;
 - 4.3 Review and discuss the internal audit reports prepared by Internal Auditors for management and management's response to these reports. Review follow up status reports to ensure that both the internal and external audit recommendations are implemented and the appropriate actions are taken on a timely basis;
 - 4.4 Ensure Internal Auditors have full, free and unrestricted access to all activities, records, property and personnel necessary to fulfil their objectives, and all audits are performed with impartiality, proficiency and due professional care;
 - 4.5 Supervise the Group's Internal Audit function and ensure that it is independent of operational activities and has the necessary standing and authority to enable it to discharge its functions effectively. The Committee will recommend to the Board of Directors the hiring of the Group Chief Internal Auditor, his/her salary and carry out his/her performance review and oversee staffing and objectives of the Internal Audit function;
 - 4.6 Consider any other tasks/assignments as may be referred to them by the Board of Directors in the context of the above responsibilities. The Committee itself may initiate any matter for audit and review when deemed necessary; and
 - 4.7 Where necessary, institute and oversee special investigations and report on the outcome to the Board.
5. To approve the proposed scope, approach and fees of the external auditors' work, and ensure that the external audit of annual financial statements have been properly conducted and completed on a timely basis. The resultant audited financial statements and internal controls review in the form of a management letter shall be presented to the BARC for their review. Upon satisfaction, the BARC shall recommend approval of the audited annual financial statements by the Board.
6. To interact with the Risk management and Compliance function through the Group Risk and Compliance Officer as follows:
 - 6.1 Review and approve the annual Risk and Compliance work plan and ensure adherence to the approved work plan;

- 6.2 Receive reports and updates from the risk and compliance reviews and activities. This should include any reports arising from regulatory audits or inspections, received from regulatory authorities;
- 6.3 Review the effectiveness of the risk management policy and framework, for the assessment, monitoring and managing the potential risk exposures;
- 6.4 Assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- 6.5 Receive independent and objective oversight and review of information regarding risk concerns raised by management on financial, business and strategic risk; and
- 6.6 Receive from the Risk and Compliance function any information received through whistleblowing, regarding conduct that needs to be investigated in relation to CIC Group.

7. To interact with the Actuarial function through the Group Actuary, as follows:

- 7.1 Receive regular reports from the actuarial function on:
 - the actuarial and financial risks;
 - investment policies and the valuation of assets;
 - the solvency position, including the calculation of the minimum capital required for regulatory purposes and liability and loss provisions;
 - the prospective solvency position;
 - risk assessment and management policies and controls relevant to actuarial matters or the financial condition of the company;
 - underwriting policies;
 - reinsurance arrangements;
 - product development and design, including the terms and conditions of insurance contracts;
 - scenario and sensitivity testing; to
 - sufficiency and quality of data used in the calculation of technical provisions.

8. The Committee shall, at least once a year, review its own performance and constitution and recommend and implement any necessary improvements necessary. Matters on Committee constitution will be escalated to the Board for consideration and approvals respectively.

F REPORTING PROCEDURES

The BARC shall receive and have oversight over all the Internal Audit, Risk and Compliance and Actuarial reports for review and discussion during their meetings. The minutes of these meetings, once reviewed and confirmed as a true record of proceedings of the BARC meeting, shall be shared with the Board for update and information.

Any urgent matters such as recommendations, issues or where decisions that need to be taken that are beyond the BARC's authority shall be raised to the board through matters for

escalation, indicating the action required. Where necessary, BARC shall seek consideration and ratification by the Board, for decisions taken by BARC.

G REVIEW DATE AND FREQUENCY

These TORs for the BARC shall be reviewed and updated every three (3) years and/or upon any amendments or updates to the corporate governance regulations that need to be incorporated into the TORs, which shall be approved by the Board.

Approved by the Board: 11th November 2024