

IPB INSURANCE BOARD TERMS OF REFERENCE & MATTERS RESERVED EFFECTIVE 25/07/18

1. Purpose

- 1.1 The Board is constituted as IPB Insurance's overarching committee with responsibility for its effective, prudent and ethical oversight through strategic leadership, effective direction and implementation of all items detailed within this document which reflects the framework within which IPB Insurance's Board operates as apt per the nature of the business per the Constitution and all applicable regulatory and legislative requirements.

2. Membership

- 2.1 The Board shall be of sufficient size and expertise to adequately oversee IPB Insurance's operations with a minimum of 5 Directors and the majority of the Board shall be Independent Non-Executive Directors ('INEDs') or Non-Executive Directors ('NEDs') provided that at least 3 INEDs are Members as agreed with the Central Bank of Ireland ('CBI') and Executive Director particulars agreed by the Board are notified to the CBI.
- 2.2 The Board, through the Remuneration and Nomination Committee ('REMCO'), is responsible for appointing Board Members and setting terms with appointments and Board Membership subject to annual review and revocations at the Board's absolute discretion via the annual Board and Committee Performance Evaluation Exercise. Appointment, election or re-election to the Board shall be conducted per the Constitution, company law and regulatory requirements and the position of any INED who is a Board Member for 9 years or more shall be reviewed with documented rationale for continuance advised to the CBI in writing with annual reviews thereafter.
- 2.3 The Board shall select a Chairperson and Deputy Chairperson on the REMCO's recommendation with appointments informed per individual's skills, knowledge and experience and ability to commit apt time to appointments together with the annual Board and Committee Performance Evaluation Exercise outputs, and they shall, where possible, be an INED or a NED with CBI agreement and these roles shall be proposed to the Board for election or reappointment annually and in the Board Chairperson's absence, the Deputy shall so act for its duration and if absent, a Board Member shall be elected as an alternate Chairperson for the absence duration.
- 2.4 Per IPB Insurance's Business Code of Conduct which incorporates conflict of interest provisions particular to Directors, appointment shall not proceed and on-going appointment may be impacted with consideration given by the REMCO and Board to changing the composition of the Board and/or any affected Committee if a reasonably perceived potential conflict of interest of significance to associated work emerges (to include a conflict relating to a change in personal circumstances which is required to be declared to the Board Chairperson and any affected Committee Chairperson), with all reasonably perceived potential conflicts of interest particulars declared and recorded.

3. Secretary

- 3.1 The Director of Legal and Company Secretariat or their nominee shall act as Secretary.

4. Meetings and Reporting Procedures

- 4.1 The Board shall meet at least 6 times a year, to include for strategic planning purposes, at times agreed by the Chairperson and Board Members, with additional Board Meetings scheduled at the Chairperson's discretion and the Chairperson shall convene a Board Meeting on the request of any Board Member who deems it necessary, subject to satisfaction of the quorum of 5 Directors as required for transacting business with decisions by majority vote and the Chairperson or their alternate having a casting vote. Agendas detailing items for consideration and noting the date, time and venue of a Board Meeting and all relevant material together with Draft Minutes of the previous Board Meeting recording associated date, time, location, attendee and absentee details and sufficient details of all key discussions, deliberations, dissensions and decision outcomes and points for further action to evidence apt Board attention shall issue electronically to all Board Members in a sufficiently clear format and a timely manner.
- 4.2 Board Members shall attend Board Meetings regularly and in person wherever possible or participate via video/teleconference or with perspective communicated via email or telephone to the Director of Legal & Company Secretariat for confirmation of communication if physical presence is not possible due to circumstances beyond their control (e.g. in illness) with participation and vote eligibility recorded. All Board Members shall be eligible to vote unless a reasonably perceived conflict exists wherein those conflicted shall not participate in decision or discussion with issues associated with conflicts of interest recorded in the Board Meeting Minutes and referred for Board decision to overcome any quorum concerns. The Board, in consultation with the REMCO, shall remove a Director conflicted per point 2.4 hereof or unable to provide sufficient time to attend over the medium to long term and replace them with one with apt availability, skills, knowledge and experience.
- 4.3 Board Meetings shall usually only be attended by the Board and the Director of Legal & Company Secretariat, Observers, Director of Underwriting, Director of Member and Client Relations, Director of Operations, Head of Risk and Compliance, Senior Compliance Manager, Head of Claims, Head of Actuarial Function, Head of Investments, Head of Finance and representatives of their respective areas of responsibility shall be invited to Board Meetings as required. The Board Chairperson and Board Members, in consultation with the Board Chairperson and the Director of Legal & Company Secretariat, may invite any officer or employee, external advisor or others to attend all or part of Board Meetings, whilst Board Members shall have access to the Board Chairperson, fellow Board Members and Management and maintain a dialogue with key individuals involved in IPB Insurance's governance, inter alia the Board Chairperson, CEO, Director of Legal and Company Secretariat, Finance Director, the Head of Risk and Compliance, the External Audit Lead Partner and the Head of Internal Audit.

5. Resources

- 5.1 The Director of Legal and Company Secretariat shall arrange induction for new Directors covering the Board's role and commitment requirements and the Board shall give consideration to relevant laws and regulations in undertaking its duties with dedicated support accessible via the Director of Legal and Company Secretariat on matters requiring additional or separate advice to that available in the normal Board process. The Board is authorised via the Director of Legal and Company Secretariat to obtain internal and external accounting, legal or other professional advice at IPB Insurance's expense, and to appoint and secure the input of external advisors if felt beneficial.

6. Role and Responsibilities

- 6.1 The Board is responsible for the effective, prudent and ethical oversight of IPB Insurance via strategic leadership and effective direction and implementation of all items detailed in the attached Schedule of Matters Reserved For The Board and the Terms of Reference of any Board Sub-Committees per the Constitution and regulatory and legislative requirements and authorised to investigate any activity within its Terms of Reference. The Board has delegated authority to the CEO to manage IPB Insurance in conjunction with Management within the strategic objectives and annual plan approved by the Board and in keeping with the values, strategies, policies, plans and budgets endorsed by the Board and the CEO shall provide regular reports to the Board and secure apt approvals in respect of progressing the operation of IPB Insurance's day to day business.
- 6.2 In deciding to establish Board Sub-Committees, the Board shall ensure that in the absence of so doing, it continues to have apt time to adequately discharge its duties. The Board shall, at a minimum, establish an Audit Committee and a Risk Committee and per CBI agreement, the REMCO shall be established and convened as a collective entity. INEDs and NEDs shall have a leading role in the Board's Sub-Committees, providing assurance that risk and audit functions are adequately carried out. The Board in appointing Sub-Committee Chairpersons and Members on the REMCO's recommendation, via its responsibility for setting and revoking terms with appointments informed per individual's skills, knowledge and experience and ability to commit appropriate time to appointments together with the annual Board and Committee Performance Evaluation Exercise outputs generally with a 3 year duration, shall consider the position on an annual basis per satisfaction as to relevant skills, knowledge and experience and ability to commit apt time and confirmation of no conflicts causing concern, with renewal at the Board's absolute discretion with an appropriate frequency considering the balance of experience and independence sought and removal and replacement with an apt Sub-Committee Member on consultation with the REMCO. Cross Committee Membership shall be encouraged in order that Board Members may gain a greater appreciation of risk considerations across IPB Insurance and the Audit Committee and Risk Committee shall have at least 1 shared Member whilst Cross Committee Membership shall be reviewed on an annual basis to ensure that no individual has unfettered control or exercises excessive influence. The Board is responsible for the oversight of each of its Sub-Committees to which it may delegate authority to act on its behalf whilst not abrogating its responsibility with annually reviewed documented Terms of Reference evidencing all delegated functions, as the Board's Sub-Committees shall operate in a manner consistent with ensuring independence and commensurate with reporting to the Board, with the Sub-Committees' performance of their delegated functions monitored on an on-going basis via submission of Minutes of Sub-Committee Meetings to the Board and reporting to the Board by the respective Committee Chairpersons on their activities and decisions and action or improvement recommendations on any area within their remit.
- 6.3 The Board shall ensure satisfaction of legislative and regulatory reporting requirements with an annual account of the activities of the Board and its Sub-Committees featuring in IPB Insurance's Stakeholder and Annual Report and the Board and Committee Chairpersons representing activities associated with such fora at General Meetings. The Board shall be able to explain its decisions to the CBI, ensuring reasonable availability of a majority of the Board at short notice and submitting an annual compliance statement, specifying adherence to the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 ('the Requirements') and notifying the CBI and stakeholders of any material deviation within 5 working days of notification. In the event of any material matter impacting business or material deviation from the defined risk appetite measure, the details and proposed remediation shall be notified to the CBI promptly in writing no later than 5 business days of awareness. The Board shall report its approval of any decision to remove the head of a control function from office to the CBI within 5 working days together with clear articulation of

the underlying rationale for the removal and avoidance of any agreement that would purport to preclude or dis-incentivise their provision of information to the CBI. Directors shall without prejudice to the ability to report directly to the CBI, report material concerns about overall corporate governance without delay to the Board in the first instance and if not satisfactorily addressed within 5 business days of notification, promptly and directly to the CBI advising of the background and proposed remediation.

7. Board Effectiveness

- 7.1 The Board shall undertake a documented review of its overall performance and effectiveness and the appropriateness of its Terms of Reference together with a documented review of its Committees in this regard at least annually and per IPB Insurance's policies, with recommendations provided to the Board on revisions identified via review and queries on interpretation or prior Board approval requirements to be addressed to the Director of Legal and Company Secretariat prior to taking action. Revised Terms of Reference shall be circulated to Management for implementation and published on the IPB Insurance website following the securing of Board approval.

SCHEDULE OF MATTERS RESERVED FOR THE BOARD EFFECTIVE 25/07/18

Strategic Leadership: The Board shall be responsible for:

- Setting, approving, reviewing and effecting correction in respect of strategic and financial objectives and the annual plan, including operating and capital expenditure budgets, products, markets and territories;

Board & Other Roles: The Board shall be responsible prior to implementation for:

- Changing the Board structure, size and composition, following Remuneration & Nomination Committee ("REMCO") recommendations and per regulatory support, to include determining Executive and Non-Executive appointments when due for review, continuation, re-election, re-appointment, cessation, suspension or termination, validating nominations and making recommendations to Members and regulators, whilst recognising the Board's responsibility for determining Directors' independence developing and monitoring diversity policy implementation;
- Appointing and approving all aspects of Directors' roles including the Board Chairperson, Deputy Chairperson, Sub-Committee Chairpersons, Committee Members and the Director of Legal & Company Secretariat whilst noting the Audit Committee's responsibility per its Terms of Reference in appointing an INED Chairperson for recommendation for REMCO and Board approval per regulatory responsibilities and fitness & probity process management whilst noting REMCO's approval of appointments of individuals who may materially impact IPB Insurance's risk profile i.e. those who are or will be performing roles categorised as PCF or CF1 in nature and/or remunerated with a basic salary of €100,000 or more and approving removal per regulatory provisions and ensuring succession planning;
- Appointing, reappointing or removing IPB Insurance's principle professional advisors including the External Auditors (for referral to Members for approval) and the Internal Auditors.

Remuneration: The Board shall be responsible for:

- Annually approving, on REMCO recommendation, the Remuneration Framework and Policy and compliance therewith, ensuring correspondence with best practice as a Mutual and regulatory requirements and alignment with risk strategy and appetite, with an objective of incentivising management's enhanced performance and fairly and responsibly rewarding individual contributions to IPB Insurance's success, ensuring excessive risk taking isn't promoted and remuneration practice is aligned with stakeholders' interests and reasonable assessment of the financial situation and prospects;
- Approving REMCO's determination of remuneration policy for the Board Chairperson and NEDs per the Constitution and Member approval requirements, Executive Directors, the Director of Legal & Company Secretariat and individuals who may materially impact the risk profile as defined herein and approving determination by the Board Chairperson & Executive Directors, per the Remuneration Policy and in consultation with relevant parties of NEDs' remuneration with no individual participating in decisions impacting themselves and determining policy, process and scope of pension, service, termination, annual and ad hoc arrangements;

Corporate Governance Structure & Internal Controls: The Board shall be responsible for:

- Approving and leading adherence to all internal governance frameworks relating to Compliance, Risk, Accounting, Investments, Expenses, Human Resources, Health & Safety, Communications, Governance, Expenses, Authorisations and Signatories and delineation of roles of the Board Chairperson, CEO, Directors & Director of Legal & Company Secretariat and annually reviewing performance;
- Approving changes pre-implementation and ensuring ongoing appropriateness of corporate structures and internal governance systems and controls, including an adequate well-functioning Internal Audit function, management structures, authorities and signatories and organisational reporting channels per the Board's responsibility for appointing a CEO and senior management with apt integrity and adequate knowledge, experience, skill and competence for their roles and overseeing operations;

- Effectively, prudently and ethically overseeing corporate governance arrangements, considering stakeholders such as Members, Customers, Employees and Regulators, approving the Risk Appetite Statement, promoting and communicating apt risk and compliance cultures with regular internal review, ensuring risk and compliance are properly managed, assessing control processes to support strategy and maintaining a sound system of control and risk management by approving assurance functions annual plans & internal control statements and ensuring regular reviews, tests and updates.

Capital maintenance & Financial Reporting: The Board shall be responsible for:

- Overseeing strategy for on-going management of material risks including inter alia liquidity risk and policies regarding amounts, types and distribution of internal capital and own funds adequate to cover risks, on-going maintenance and distribution for application in the context of risk management, claims & reinsurance functions per IPB Insurance having no issued share capital;
- Approving and overseeing the Annual Report, Directors Report, accounts, records, dividend policy, social dividend budget and associated initiatives involving proposals exceeding a value of €50,000, tax risk position, planning soundness and statutory and regulatory compliance.

Contracts & Commitments: The Board shall be responsible for:

- Approving contracts material strategically or per size, entered in the ordinary course of business, e.g. per material outsourcing or otherwise e.g. loans (except Member loans) including an indemnity, security, repayment, acquisition or disposal per the Authorisation and Signatories document;
- Approving prosecution, defence and resolution of litigation, other than in the normal course of business, estimated as above €100,000 or otherwise material to IPB Insurance's interests;
- Approving capital projects in excess of €250,000 and major investments including acquisition or disposal of interests of more than 3% in voting shares or the making of a takeover offer;
- Reviewing ex-gratia request trends and approving proposals valued at in excess of €100,000;
- Ensuring effecting of corporate insurance covers including Directors and Officers Liability.

Communication: The Board shall be responsible for:

- Approving resolutions and associated material to be put to Members at General Meetings;
- Approving Board press releases/communications with management co-ordination concerning Board decisions and reviewing media commentary on IPB Insurance on an on-going basis.

Delegation of Authority: The Board shall be responsible for:

- Matters delegated to Sub-Committees per their Terms of Reference requiring Board approval as the Board cannot abrogate responsibility and retains authority on final material decisions.