

**IPB INSURANCE BOARD AUDIT COMMITTEE TERMS OF REFERENCE EFFECTIVE 15/04/21**

**1. Purpose**

- 1.1 The Audit Committee is an IPB Insurance ('IPB') Board Sub-Committee with delegated responsibility for supporting the Board's non abrogable oversight of financial reporting and risks, internal controls, audit processes, legal and regulatory compliance and per the Central Bank of Ireland ('CBI') Corporate Governance Requirements for Insurance Undertakings 2015 ("the Requirements"): (a) monitoring effectiveness and adequacy of internal control, internal audit and IT systems, (b) liaising with External Auditors particularly on audit findings, (c) reviewing financial statements' integrity and ensuring provision of a 'true and fair view' of financial status, (d) reviewing financial announcements, reports and accounts and recommending Board approval or otherwise and (e) assessing auditor independence and the audit process' effectiveness.

**2. Membership**

- 2.1 The Board shall appoint Committee Members on the REMCO's recommendation via its responsibility for setting and revoking terms, generally with a duration of 3 years and subject to renewal at the Board's discretion via the annual Board and Committee and Director Performance Evaluation Exercise. The Committee, in recognition of the EU (Statutory Audits) Regulations 2016 (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) and maintenance of its independence, shall appoint an Independent Non-Executive Director ('INED') as Committee Chairperson for REMCO and Board approval in recognition of regulatory responsibilities per the Requirements and fitness and probity process management and Members shall elect an INED as alternate for the duration of any absence.
- 2.2 The Committee shall comprise of a number of Members sufficient to handle the nature, scale and complexity of its business and no less than 3 Members consisting of Non-Executive Directors ('NED'), the majority being INEDs, whilst the Board Chairperson and the CEO shall not be Members. The Committee as a whole shall have competence relevant to the company's sector and relevant financial knowledge and experience and at least 1 Member shall have an appropriate qualification and per S167.6 of the Companies Act 2014, at least 1 of the INED Members shall have competence in accounting or auditing whilst there shall be at least 1 shared Member between IPB's Audit and Risk Committees in order that the Risk Committee can draw on work of the Audit Committee and External and Internal Auditors. In circumstances where the Board comprises only 5 Members, the full Board including the Chairperson and CEO may act as the Committee and Minutes of Committee Meetings so convened shall reflect this.
- 2.3 In accordance with IPB'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 REMCO and Board consideration to changing the Committee's composition if a reasonably perceived potential or actual conflict of interest of significance to its work emerges (to include a perceived or actual conflict in relation to a change in personal circumstances which is required to be declared to the Committee Chairperson, Board Chairperson and Director of Legal & Company Secretariat ('DOLCS') for recording and resolution and arranging for declaration to an alternate Chairperson or INED or NED or ED nominee of the DOLCS should it potentially involve either Chairperson or both with the DOLCS nominating to optimise transparency.

**3. Secretary**

- 3.1 The DOLCS or the Committee Chairperson's nominee shall act as Secretary.

#### **4. Meetings and Reporting Procedures**

- 4.1 Agendas clearly detailing items for consideration, the date, time and venue of a Meeting, preceding Meeting Minutes and supporting material shall be circulated electronically to all Members 7 calendar days in advance of proceedings taking place.
- 4.2 The Committee shall meet at least quarterly, to coincide with financial reporting dates, with at least 1 Meeting at the planning stage and 1 at the reporting stage and aspects of sessions in Committee to support independence. The Committee Chairperson shall convene a Meeting on any Member's request, subject to a quorum of 2 Members to transact business with decisions by majority vote, the Committee Chairperson or their alternate having the casting vote and all Members eligible to vote unless a reasonably perceived potential or actual conflict exists in which case conflicted Members shall not participate in decisions or discussion with conflicts managed by the DOLCS per S2.3 hereof and recorded in Minutes and referred for Board decision per quorum concerns.
- 4.3 Members shall attend proceedings regularly and in person where possible or participate via video/teleconference or communicate perspective via email/ phone to the DOLCS 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. The Board, in consultation with the REMCO, shall replace a Member determined as unable to provide sufficient time to attend over the medium to long term with an appointee with appropriate availability, skills, knowledge and experience.
- 4.4 Meetings shall be attended by the Committee with the DOLCS, Board Chairperson, Observers, CEO, Finance Director ('FD') and business representatives inter alia the Director of Risk & Compliance ('DORC'), Head of Compliance, Head of Actuarial Function, Head of IT, and Auditor representatives invited as appropriate with attendances managed by invitation and informed per potential for contribution in the Committee's interests and independence. The Committee Chairperson and Members, in consultation with the Committee Chairperson and DOLCS, may invite any officer or employee, external advisor or others to attend all or part of Meetings, whilst Members shall have access to the Board Chairperson, Board and Management, maintain dialogue with key individuals involved in IPB's governance, inter alia the Board Chairperson, CEO, DOLCS, FD, DORC, External Audit Lead and Head of Internal Audit and have authority to seek any information and call any employee to address proceedings as required.
- 4.5 Draft Meeting Minutes recording associated date, time, location, attendee and absentee details together with sufficient details of all key discussions, deliberations, dissensions and decision outcomes and points for further action to evidence appropriate Committee attention shall issue to all Members for approval within 10 working days of proceedings and thereafter to the Board. The Committee shall operate in a manner consistent with ensuring independence and commensurate with reporting to the Board on its activities and decisions and recommendations on any area within its remit with the Committee Chairperson reporting to the Board on proceedings after each Meeting. An annual account of Committee activities shall feature in IPB's Stakeholder and Annual Report with the Committee Chairperson representing it at General Meetings.

#### **5. Resources**

- 5.1 The DOLCS shall arrange induction for new Members covering the Committee's role and commitment requirements and support accessibility to training on matters within the Committee's remit and securing of (at IPB's expense) independent legal, accounting or other professional advice as required by Directors to support discharge of their duties.

#### **6. Role and Responsibilities**

The Committee's role and responsibilities shall include the provisions of point 1.1 above and

- 6.1 Financial Reporting: review announcements, reports and material information

accompanying financial statements to include tax risk matters to recommend Board approval via monitoring IPB's financial statements, annual and interim accounts to ensure a true and fair view and reviewing going concern assumptions, summary financial statements and significant regulatory returns and challenging content where necessary with particular attention to a consideration of consistency of, and any change to, accounting policies on a year on year basis; methods to account for significant or unusual transactions if others apply; whether IPB followed appropriate accounting standards with appropriate estimates and judgements, taking the External Auditor's views into account; Disclosure clarity in IPB's financial accounts and statement context.

- 6.2 Internal Controls and Risk Management Systems: monitor the effectiveness of IPB's internal controls, risk management and IT systems and remedial action and procedural arrangements (including Speak Up and whistleblowing mechanisms) for identifying wrongdoing and fraud, raising concerns in confidence and ensuring initiation of proportionate and independent investigations and determination of appropriate action by approving and reviewing the framework for securing compliance across all areas and ensuring the monitoring of material issues and their reporting to the Board.
- 6.3 Culture: nurture ongoing commitment to cultivation of an appropriate organisational culture where people can Speak Up, diversity and equity and inclusion is fostered and celebrated and activity is informed by a focus on securing of sustainability for the short, medium and long term aligned to IPB's mutual ethos and Member's interests with regular assessment of progress against agreed strategy, plans, targets and metrics.
- 6.4 Internal Audit: select and recommend appointment or cessation to the Board and annually review (a) effectiveness per remit, reporting procedures, resource adequacy, qualifications, skills and experience and internal quality processes, (b) independence per rotation processes, permitted non audit services, unrestricted access to functions, personnel and data and recognition of the team's accessibility to the Board and Board Chairperson and (c) efficacy of the audit work plan including risk appetite framework adherence and risk and control culture assessment, results and management responses.
- 6.5 External Audit: oversee the selection process for External Auditors and recommend appointment, reappointment or removal, for AGM approval by Members, to the Board and investigate the circumstances of any resignation and decide if action is required. In overseeing External Auditors, the Committee shall meet them regularly, including at audit planning and reporting stages, to review required changes to the next year's audit, any issues, accounting and audit judgements; reporting procedures and levels of error; the representation letter and management letter and management's responses. (a) approve engagement terms and recommend remuneration for audit and non-audit work; (b) assess annually in Committee their effectiveness and that of the audit per resource adequacy, qualifications, skills, experience, unrestricted access to functions, personnel and data and recognition of accessibility to the Board and Board Chairperson, internal quality processes and independence per rotation processes and ensuring no family, employment or business relations (except in the ordinary course of business).
- 6.6 Strategy: The Committee shall undertake any other related duties directed by the Board.

## **7. Committee Effectiveness**

- 7.1 The Committee shall undertake a documented review of its performance, effectiveness and the appropriateness of its Terms of Reference at least annually and per IPB's policies and procedures with interpretation or prior Committee or Board approval requirement queries to issue to the DOLCS prior to acting and Committee and Board recommendations on identified enhancements to inform approval of revised Terms of Reference for publication on IPB's website and issuing for Management implementation.