

IPB Insurance CLG

Terms of Reference for Board Risk Committee

Version History

Date	Owner	Version	Approver	Description
September 2024	Chair of Risk Committee	V1.0 ¹	IPB Risk Committee and Board of Directors	Annual Review
July 2025	Chair of Risk Committee	V2	IPB Risk Committee and Board of Directors	Annual Review
December 2025	Chair of Risk Committee	V2.1	IPB Risk Committee and Board of Directors	2025 TOR Revision

Next Review	July 2026
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1. Purpose

- 1.1 The Risk Committee ('Committee') is a sub-committee of the Board of Directors ('Board') of IPB Insurance CLG ('Company'). The Board has established the Committee to support it in meeting its oversight responsibilities for the Company's current risk exposures and future risk strategy.
- 1.2 The Board has delegated authority to the Committee, without abrogating responsibility, in respect of the functions and powers set out in these terms of reference. The Committee is also authorised to make decisions under any authority delegated to it by the Board.

2. Membership

- 2.1 The Committee members shall be appointed by the Board, on recommendation of the Remuneration, Nomination and Culture Committee ('REMCO'), and shall be comprised of a minimum of three Committee members, with the number of members being sufficient to handle the nature, scale and complexity of the business. The Committee shall comprise solely of Independent Executive Directors ('INEDs') and Group Non-Executive Directors ('GNEDs'). There shall be at least 1 shared Member between IPB's Risk Committee and REMCO and IPB's Audit and Risk Committee. The Committee as a whole shall have relevant risk expertise.
- 2.2 The Board shall appoint the chair of the Committee ('Chair') and its Members on the basis of recommendations from REMCO. In the absence of the Chair at a Committee meeting, the remaining Members present shall elect one of them to chair the meeting. No individual may simultaneously serve as Chair of both the Committee and the Board Audit Committee.
- 2.3 Members are generally appointed for three years, subject to annual review by the Chair as part of the Committee's performance evaluation process. The Board may, for reasons of continuity of experience, appoint a Member to the Committee for a longer period.
- 2.4 The Committee shall engage as appropriate with the Board Audit Committee so that the Committee can draw on the work of the Board Audit Committee and the external auditor.
- 2.5 Should a significant actual or perceived conflict of interest arise, either in relation to the Committee's work or a change in a Member's personal circumstance, the affected Member shall promptly declare the conflict to the Chair, the chair of the Board and the company secretary. The declaration shall be formally recorded, and appropriate steps taken to resolve the matter. Should the conflict involve either the Chair or the chair of the Board, the conflict shall instead be declared to an alternate Member designated by the company secretary. In cases where the conflict is ongoing, REMCO and the Board may revise the Committee's composition.

3. Secretary

- 3.1 The company secretary, or the Chair's nominee, shall act as Secretary of the Committee ('Secretary').

4. Meetings

- 4.1 The Committee shall meet at least four times a year.

- 4.2 The Chair shall be responsible for the effective management of the Committee's agenda and ensure that adequate time is made available for discussion of all agenda items. Members may suggest items for inclusion, and all agenda items before the Committee shall have clear sponsorship and authorship assigned.
- 4.3 Meetings of the Committee shall be called by the Secretary at the request of the Chair or any of the Members, subject to satisfaction of the quorum of three Members for transacting business with decisions by majority vote.
- 4.4 Unless the Committee otherwise agrees, notice of each meeting confirming the date, time and venue, together with the agenda shall be served electronically to Members no later than seven calendar days before the meeting. Supporting papers shall also be sent to Members and to other attendees as appropriate but may be circulated with shorter notice on the approval of the Chair.
- 4.5 Members shall attend meetings regularly and in person or participate via video/teleconference if not possible to attend due to circumstances beyond their control. Members may communicate their perspective on a topic in advance of a meeting if they are unable to attend, via email to the company secretary for communication. The Board, in consultation with REMCO, shall replace a Committee Member who is unable to provide sufficient time to attend meetings over the medium to long term, with a suitable appointee.
- 4.6 Only Members have the right to attend and vote at Committee meetings. However, the Committee may invite non-members, including other Board members, members of management, internal audit, external audit and any advisers, to attend all or part of a meeting.

5. Voting Arrangements

- 5.1 Each Member shall have one vote, which may be cast on matters considered at the meeting. Votes can only be cast by Members attending a meeting, whether in person or by remote video or teleconference.
- 5.2 If a matter that the Committee considers is one where a Member, either directly or indirectly, has a personal interest, that Member shall not be permitted to vote at the meeting.
- 5.3 Except where they have a personal interest, the Chair, or their alternate, shall have a casting vote.
- 5.4 The Chair may ask any attendees of a meeting to leave the meeting to allow discussions of matters relating to them or a conflict of interest arises.

6. Minutes of the Meeting

- 6.1 The Secretary shall minute the proceedings, decisions, and actions arising from all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of a Committee meeting shall be agreed with the Committee Chair fifteen (15) working days after the meeting and then circulated to all Committee Members for approval. Once approved, minutes shall be circulated to the Board for the subsequent Board meeting.

7. Reporting Responsibilities

The Chair shall:

- 7.1 Report to the Board on Committee proceedings after each meeting and update the Board on any matters that may significantly impact the risk profile, financial condition or affairs of the Company.
- 7.2 Prepare a formal annual account of the Committees activities for the Company's Stakeholder and Annual Report, with the Chair representing it at general meetings of the Company.
- 7.3 Make whatever recommendations to the Board the Committee considers appropriate on any area within its remit where action or improvement is needed.
- 7.4 Annually review and update these terms of reference, and once approved by the Board, make available to the Company's Members via the Company's website.

8. Resources

- 8.1 The Committee shall have access to adequate resources to carry out its duties, as required.
- 8.2 The company secretary shall arrange induction for new Members as well as ongoing and relevant training for all Members on matters within the Committee's remit. The company secretary shall secure (at IPB's expense) independent legal, accounting or other professional advice for the Committee as required by Members as Directors to support the discharge of their duties.

9. Role and Responsibilities of the Committee

9.1 Oversight

- 9.1.1 Safeguard and oversee the independence of the risk function.
- 9.1.2 Ensure that the Director of Risk and Compliance has a clear and achievable mandate to embed the risk management framework in the company, incorporating identification, measurement, management, monitoring and reporting on risk.
- 9.1.3 Oversee the Director of Risk and Compliance and the risk function (managed day to day by the Director of Risk and Compliance).
- 9.1.4 Consider and oversee the risks attached to the business, including, for example:
 - claims
 - underwriting
 - reinsurance
 - product and pricing
 - data protection
 - IT, Data and AI
 - outsourcing & ICT
 - climate change
 - reputational
 - conduct risk
 - consumer protection

9.2 Risk Frameworks

- 9.2.1 Review and recommend for annual Board approval, a risk management framework that provides assurance to the Board about how current and emerging risks are managed by the business. The framework should address strategies, policies, risk appetite and risk tolerances in relation to current and potential future risk exposures of the Company and future risk strategy and reflects the Company's risk culture.
- 9.2.2 Review the ongoing effectiveness of the Risk Framework annually or as required.
- 9.2.3 Review annually and recommend to the Board for approval the first line risk management policies and frameworks, including Data Protection, Information Security, Operational Resilience, Reputational Risk and Reinsurance.

9.3 Risk Appetite

- 9.3.1 Document for annual Board approval, a risk appetite in qualitative terms, with quantitative metrics to track performance and compliance.
- 9.3.2 Ensure adequacy of arrangements to identify key risk exposures and advise the Board on risk appetite compliance and tolerances.
- 9.3.3 Review exceptions to risk appetite, challenge the progress against agreed steps for returning the Company to within risk appetite and escalate to the Board as appropriate.

9.4 Monitoring

- 9.4.1 Monitor emerging and principal risks on the risk register and ensure appropriate arrangements are in place to manage and mitigate those risks effectively.
- 9.4.2 Advise the Board on the effectiveness of strategies for managing material risks, including liquidity risk and capital policies, ensuring adequate internal capital and own funds to cover the Company's risk and claims - recognising the absence of issued share capital.

9.5 Stress Testing & Scenario Analysis

- 9.5.1 Oversee the ORSA process, including maintaining an ORSA Policy for annual Committee and Board approval, guide the assessments (including internal and external stress tests) and challenge the results.
- 9.5.2 Satisfy itself that risks to the business plan are adequately identified and assessed as part of the business planning process and throughout the year, and that appropriate mitigants, management actions and contingency plans are in place.
- 9.5.3 Review and recommend to the Board for approval the Recovery and Resolution Plan and any supporting documents.

9.6 General

- 9.6.1 Promote a culture of openness, where people are comfortable to Speak Up, inclusion, and sustainability in the Company aligned with the Company's mutual ethos and regularly assess progress against strategic objectives, and ESG-related recommendations from the Board Sustainability Committee.
- 9.6.2 Advise the Board on due diligence appraisals carried out on strategic transactions and advise the Board on the outcome of the appraisals.
- 9.6.3 In addition to the responsibilities outlined above, the Committee may undertake any other activity related to its responsibilities as directed by the Board.
- 9.6.4 Support the Company in fulfilling its responsibilities under the Central Bank Individual Accountability Framework.

10. Committee Effectiveness and Consideration

- 10.1 To ensure it is operating at maximum effectiveness, the Committee shall, at any time, propose changes it considers necessary to the Board for approval.
- 10.2 In framing risk strategy, frameworks and policies, the Committee shall consider the principles and provisions of the Corporate Governance Requirements for Insurance Undertakings 2015 and the long-term interests of Members and customers of the Company.