



UIA (INSURANCE) LIMITED AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

Membership

A minimum of three Non-Executive Directors, considered, by the Board, to be independent.

The Chair should be an independent Non-Executive Director.

The Chair is appointed by the Nominations and Remuneration Committee.

Attendance at Meetings

The Chief Executive Officer/Chief Finance Officer will normally attend all meetings at the invitation of the Committee. Other Board and staff shall attend if invited by the Committee.

At least once a year, and at any other time as the Committee see fit, it shall meet separately with the external audit partner and with the internal auditor in the absence of Executive Directors and members of management.

Quorum

Two independent Non-Executive Directors.

Frequency of Meetings

A minimum of four times a year and on such occasions as required.

Terms of Reference

1. The Audit and Risk Committee is a delegated committee of the Board and its purpose is to assist the Board in discharging its responsibilities for the integrity of UIA's financial statements and for ensuring the effectiveness of systems of internal control as well as assist the Board in establishing, monitoring and amending the effectiveness and appropriateness of the business's risk management strategy and policies.
2. The Committee shall assist the Board in providing leadership, direction, and oversight with regard to UIA's governance and regulatory policies and procedures.
3. At least once each year the Committee will review, and submit to the Board for approval, UIA's Own Risk and Solvency Assessment (ORSA).
4. The Committee is authorised by the Board to investigate, or cause to be investigated, any activity within these terms of reference. The Committee may obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.
5. At least once each year the Committee will review the Risk Appetite Statement and report to the Board any recommendations including assessing the appropriateness of business plans in the context of Risk Appetite
6. To monitor the integrity of the financial statements (including the SFCR) and financial reporting process, reviewing significant financial reporting judgements contained in the financial statements, to report on these statements to the Board and, if appropriate, to recommend their approval.

7. The Committee will review the overall risk profile and its impact on the business plan and the risk appetite. Where appropriate the Committee will challenge UIA's risk assessment and projections.
8. To review the business's internal financial controls and the internal control and risk management systems, and to ensure that, where necessary, plans to address control exceptions are created and implemented, and to report on any exceptions considered fundamental or important to the Board.
9. The Committee will report to the Board any actions arising from the review of the Risk Register and to be incorporated in the business's financial and operational plans as appropriate.
10. The Committee will review, as appropriate, UIA's Risk Management Framework to ensure it is proportionate to the nature, size and complexity of the business.
11. To monitor and review the effectiveness of UIA's internal audit function, including ensuring that the internal auditor is accountable to the Committee and has direct access to the Chair of the Committee. UIA currently outsources its internal audit function, and the Audit and Risk Committee is responsible for approving the appointment or removal of the internal auditor, and for agreeing the annual audit plan.
12. To make recommendations to the Board in relation to the appointment, re-appointment and/or removal of the external auditor and to approve their remuneration and terms of engagement.
13. To review and monitor the external auditor's independence, objectivity and effectiveness taking into consideration relevant UK professional and regulatory requirements.
14. To discuss with the auditor the nature, scope and effectiveness of the annual audit process.
15. To approve the auditor's engagement letter and any amendments thereto, and to review the auditor's management letter and any management responses thereto.
16. The Committee will review significant reports from its regulators relating to areas of risk, together with reports from management.
17. The Committee will monitor and review the regulatory capital of the business to ensure it meets regulatory and internal requirements.
18. Provide oversight of UIA's governance and regulatory processes and procedures and monitor their effectiveness in ensuring compliance with the requirements and standards under the regulatory system; and review the governance and regulatory compliance plan.
19. The Committee will report to the Board the outcome of each meeting of the Committee and ensure that all members of the Board are fully aware of the output of the work of the Committee and the sensitivities or risks associated with the recommendations of the Committee.
20. The Committee shall be responsible for oversight of UIA's Investment Strategy and Investment Management Arrangements.
21. The Committee will oversee UIA's reinsurance arrangements.
22. The Committee will oversee UIA's Risk Management arrangements.
23. The Committee will oversee UIA's Management of Risks Relating to Climate Change.
24. To review arrangements by which staff may, in confidence, raise whistleblowing concerns about possible improprieties in the matters of financial reporting and other matters.
25. To review the Committee's own effectiveness on an annual basis.

Other Issues

At least one member of the Committee to have recent and relevant financial experience and be competent in auditing and accounting.

The Annual Report and Accounts should include a separate section describing the role of the Committee and the work undertaken in discharging its duties.