

**Ecclesiastical Insurance Office plc**  
**Audit Committee**  
**Terms of Reference**  
**V1.0**

Date of Last Revision: 23/09/2024

Owner: **EIO plc Audit Committee**

## Disclaimer

This document is the property of **EIO plc**. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without prior written permission of the Copyright holder. The information in this publication is believed to be accurate in all respects. **EIO plc**, its affiliates, divisions and subsidiaries cannot assume responsibility for any consequences resulting from the use of this information. The information contained herein is subject to change; revisions or new editions may be issued to incorporate such changes.

## Document Control

### Document History

| Date       | Version | Key Changes   | Distributed To              |
|------------|---------|---|-----------------------------|
| 23/09/2024 | V1.0    | Establishment of new TORs for the newly created <b><u>EIO plc Audit Committee</u></b> | <b><u>EIO plc Board</u></b> |

### Document Sign-Off

| Authorised by               | Department | Version Signed-Off | Sign-Off Date |
|-----------------------------|------------|--------------------|---------------|
| <b><u>EIO plc Board</u></b> | N/A        | V1.0               | 23/09/2024    |

Definitions to all emboldened and underlined references used throughout this document are included in the **Governance Framework** document.

## Contents

|  |   |
|--|---|
| Terms of Reference .....                       | 4 |
| 1. Constitution .....                          | 4 |
| 2. Membership.....                             | 4 |
| 3. Secretary .....                             | 5 |
| 4. Quorum.....                                 | 5 |
| 5. Frequency of Meetings .....                 | 5 |
| 6. Notice of Meetings .....                    | 5 |
| 7. Minutes of Meetings.....                    | 5 |
| 8. Purpose .....                               | 5 |
| 9. Duties .....                                | 6 |
| 10. Reporting, Disclosure and Governance ..... | 8 |
| 11. Other Matters .....                        | 9 |
| 12. Authority.....                             | 9 |

# Terms of Reference

## 1. Constitution

- 1.1 The **Audit Committee** was constituted as a **Committee** of the **Board** of **Directors** of **EIO plc** in accordance with the **Articles** of **EIO plc**.
- 1.2 The **Audit Committee** has the delegated authority of the **Board** in respect of the functions and powers set out in these **Terms of Reference**.
- 1.3 The **Audit Committee** also has the delegated authority of the **ELL Board** in respect of the functions and powers set out in these **Terms of Reference**, where relevant.
- 1.4 The **Audit Committee** may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which will report to the **Audit Committee**.

## 2. Membership

- 2.1 The **Audit Committee** shall comprise at least three members, all of whom shall be independent **Non-Executive Directors** and at least one of whom shall have recent and relevant financial experience and competence in accounting and/or auditing. The **Audit Committee** as a whole shall have competence relevant to the sector in which the firm is operating. The **Audit Committee** shall include at least one member of the **Risk Committee**.
- 2.2 Members of the **Audit Committee** shall be appointed by **EIO plc's Board** on the recommendation of the **Group Nominations Committee** and in consultation with the chair of the **Audit Committee**. The chair of the **EIO plc Board** shall not be a member of the **Audit Committee**.
- 2.3 Only members of the **Audit Committee** have the right to attend **Audit Committee** meetings. However, the **EIO Group's CFO** and **GCIA** shall be expected to attend meetings of the **Audit Committee** on a regular basis and other individuals including the **EIO Group's CEO** and the external auditors may be invited to attend all or part of any meeting as and when appropriate. The **CEO** of any **EIO Group SBU** or, in his absence, any other **Director** of the **SBU** may be invited to attend part of any meeting where the **Audit Committee** is dealing with a matter on behalf of or delegated by the **SBU Board**.
- 2.4 **EIO plc's Board** shall appoint the **Audit Committee** chair. In the absence of the **Audit Committee** chair and/or an appointed deputy at an **Audit Committee** meeting, the remaining members present shall elect one of themselves to chair the meeting.
- 2.5 Appointments to the **Audit Committee** shall be for a period of up to three years, which may be extended for a further three-year period and annually thereafter, provided the **Director** continues to hold office and remains independent and is approved by the **shareholder**.
- 2.6 Any member of **EIO plc's Board** may attend any **Audit Committee** meeting with the prior consent of the **Audit Committee's** chair, whose consent may not be unreasonably withheld. This will also apply to any **SBU Director** when the **Audit Committee** is dealing with a matter relevant to that **SBU**.

### 3. Secretary

The **Company Secretary**, or their nominee, shall act as the secretary of the **Audit Committee** and will ensure that the **Audit Committee** receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### 4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members.
- 4.2 A duly convened meeting of the **Audit Committee** at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the **Audit Committee**.

### 5. Frequency of Meetings

- 5.1 The **Audit Committee** shall meet at least four times a year at appropriate times and otherwise as required.
- 5.2 Meetings of the **Audit Committee** may be conducted when the members are physically present together or in an alternative form (such as video conference, audio conference or written resolution).

### 6. Notice of Meetings

- 6.1 Meetings of the **Audit Committee** shall be called by the secretary of the **Audit Committee** at the request of the **Audit Committee** chair or any of its members or at the request of the **EIO Group's CFO**, external or internal auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the **Audit Committee** and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to **Audit Committee** members and to other attendees, as appropriate, at the same time.

### 7. Minutes of Meetings

- 7.1 The secretary of the **Audit Committee** shall minute the proceedings and decisions of all **Audit Committee** meetings, including recording the names of those present and in attendance.
- 7.2 Draft minutes of **Audit Committee** meetings shall be circulated to all members of the **Audit Committee**. Once approved, minutes should be circulated to all other members of the **EIO plc Board**.

### 8. Purpose

The **Audit Committee's** primary role is to assist the **EIO plc** and **ELL Boards** in discharging their responsibilities for monitoring the integrity of the financial statements of **EIO plc** and **ELL** respectively

and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

## 9. Duties

The **Audit Committee** should carry out the duties below having regard to the **EIO Group** as a whole.

### 9.1 Financial Reporting

9.1.1 The **Audit Committee** shall review and challenge where necessary, the actions, significant issues and judgements of management in relation to annual (and in the case of **EIO plc** interim) financial statements, significant financial reporting judgements and any other formal announcement relating to **EIO plc's** financial performance, having particular regard to the following points without being limited to them:

- a. That the annual report and accounts, taken as a whole, are fair, balanced and understandable, and provides the information necessary for the **shareholder** to assess performance, business model and strategy.
- b. Accounting policies, practices and methods, and any changes thereto.
- c. The methods used to account for significant or unusual transactions (including any off balance sheet arrangements) and how they are disclosed.
- d. Compliance with accounting standards.
- e. Decisions requiring an element of judgement or estimates, taking into account the views of the external auditor.
- f. The clarity and completeness of disclosures and any changes to those disclosures.
- g. Significant adjustments resulting from the external audit.
- h. The assumptions or qualifications in support of the going concern statement.

9.1.2 After completing its review of the financial statements, significant financial reporting judgements and, in the case of **EIO plc** any other formal announcement the **Audit Committee** shall make a recommendation to the respective **Board**, including a report on any aspect of the proposed financial reporting that it is not satisfied with.

### 9.2 Climate and Non-Financial Metrics Reporting

The **Audit Committee** shall review and challenge where necessary, the actions, significant issues and judgements of management in relation to climate and other non-financial metrics reporting included in climate-related and other non-financial disclosures.

### 9.3 Risk Management Systems and Internal Control

The **Audit Committee** shall:

9.3.1 Annually review the effectiveness of the **EIO Group's** systems of internal controls, including financial reporting and financial controls.

9.3.2 where requested by the **Board** provide advice on how, taking into account the Company's position and principal risks, the **Company's** prospects have been assessed, over what period and why the period is regarded as appropriate. The **Committee** shall also advise on whether there is a reasonable expectation that the **Company** will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary.

### 9.4 Whistleblowing

The **Audit Committee** shall review reports on whistleblowing incidents as and when they occur in the **EIO Group**, escalating any material issues to the **EIO plc Board**, or other **EIO Group SBU** and to the **BG plc Board's ARC** where appropriate.

### 9.5 Internal Audit

The **Audit Committee** shall review and approve the annual internal audit plan to ensure that it is aligned to the **EIO Group's** key risks. Annually assess the internal audit plan and review the findings of internal audit with management.

### 9.6 External Audit

The **Audit Committee** shall:

9.6.1 Annually assess, taking into account relevant (UK) law, regulatory requirements, the **Ethical Standard**, other professional requirements and the relationship with the external auditor as a whole:

- a. the external auditor's independence and objectivity, ensuring that safeguards are in place to mitigate threats to the external auditor's independence and objectivity, including ensuring that the nature and amount of non-audit work does not impair the external auditor's independence and objectivity.
- b. the effectiveness of the external audit process, taking into relevant UK law, regulation and other professional requirements and the **Ethical Standard** (including guidance on the rotation of the audit partner and staff), reviewing information from the external auditor.

9.6.2 Review and approve the annual audit plan, including planned levels of materiality and proposed resources.

9.6.3 Review the external auditor's report and their internal quality control procedures and consideration of the firms' annual transparency reports.

9.6.4 Review the findings of the external audit with the external auditor and where appropriate with management.

9.6.5 Monitor and review the application of the **Group Policy** on the provision of non-audit services and employment of former employees of the **Benefact Group's** external auditor, taking into account the **Ethical Standard** and legal requirements, as it applies to **EIO plc** and **ELL** respectively.

## 9.7 Governance and Regulation

9.7.1 Review the effectiveness of **EIO plc's** systems and processes for ensuring compliance with the **Code**.

9.7.2 Review the internal audit charter and the **CRSA**.

9.7.3 Review and recommend to the **EIO plc** and **ELL Boards** the respective **AQRT**, the **SFCR** and the **RSR**.

9.7.4 Review the **QRT** and, in the event of material changes to the economic capital requirement or **SCR**, inform the **EIO plc's** and **ELL Boards** as appropriate.

## 10. Reporting, Disclosure and Governance

10.1 The **Audit Committee** chair shall report formally to the **EIO plc Board** on its proceedings after each meeting on all matters within its duties and responsibilities and make whatever recommendations to the **EIO plc** and **ELL Boards** it deems appropriate on any area within its remit where action or improvement is needed. The **Audit Committee** chair shall also report to the **BG plc** and any other **EIO Group SBU Boards** and/or **Committees** as required.

10.2 The **Audit Committee** shall compile a report on its activities, including a report on its own performance, to be included in **EIO plc's** annual report describing the work of the **Audit Committee**.

10.3 Annually, the **Audit Committee** shall review its own performance, constitution and **Terms of Reference** to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the **EIO plc Board** for approval.

10.4 Consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

10.5 Review the assurance reports from management on the effectiveness of the internal control and risk management systems and from the internal audit, the external auditor and others on the operational effectiveness of matters related to internal audit, external audit, risk and control.

10.6 The **G CIA** has an additional direct reporting line to the **Audit Committee** chair on matters within the **Audit Committee's** remit.

## 11. Other Matters

The **Audit Committee** shall:

11.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.

11.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

## 12. Authority

The **Audit Committee** is authorised to:

12.1 Request the attendance of any employee at a meeting of the **Audit Committee** and/or seek any information it requires from any employee of the **EIO Group** in order to perform its duties.

12.2 Obtain, at **EIO plc's** expense, independent legal or other professional advice on any matter within its **Terms of Reference** if it believes it necessary to do so.