

# **The Britannia Steam Ship Insurance Association Limited**

## **Risk & Audit Group**

### **Terms of Reference**

#### **Purpose**

1. The Risk & Audit Group (the “Group”) is a sub-committee of the Board of The Britannia Steam Ship Insurance Association Limited (“Britannia (UK)”) (the “Board”), which is the primary decision-making body of Britannia (UK). The Group is established pursuant to Britannia (UK)’s Articles of Association (the “Articles”) and, unless specifically stated otherwise, the terminology, words or expressions used in these Terms of Reference have the same meaning as in the Articles. The Britannia Steam Ship Insurance Association Holdings Limited (“Britannia Holdings”) controls Britannia (UK) and The Britannia Steam Ship Insurance Association Europe (“Britannia Europe”) (together “the Insurers”); the three companies together are referred to as the Britannia Group.
2. The Group’s primary purpose is to ensure that:
  - (a) Britannia (UK)’s enterprise risk management (ERM) framework is effective;
  - (b) Britannia (UK) presents financial reports and regulatory returns that are prepared in accordance with appropriate accounting standards and regulatory requirements;
  - (c) Britannia (UK) is provided with an effective and efficient external audit service from a firm that is qualified, independent and appropriately resourced; and
  - (d) Britannia (UK) has an effective system of internal controls, including an effective internal audit function.

#### **Membership**

3. The Group shall consist of its Chair, the Chair of the Board and up to five further non-executive directors of the Board, at least one of whom shall be an Expert Director.
4. The Board shall appoint one of its non-executive Directors (but excluding the Chair of the Board) to act as the Chair of the Group. The Chair of the Group and, ideally, at least one other Member of the Group shall hold or have held a senior finance position at a relevant stage during their career.
5. Members of the Group shall be appointed for a four-year term and will normally be eligible for re-election only once.
6. Only Members of the Group shall have the right to attend meetings. However, representatives of Tindall Riley (Britannia) Limited (the “Managers”), including the Britannia Group’s CEO, CFO CRO, CA, Head of Internal Audit and representatives of the external auditors will normally be expected to attend in an advisory capacity.

## **Meetings**

7. The quorum for each Group meeting shall be three members.
8. The Group shall meet at least four times per annum, with scheduled meetings being held in February/March, May, June/July and September. If necessary, the Group shall hold further meetings from time to time, as may be called by the Company Secretary or by any Member of the Group. Britannia (UK)'s external auditors may request a meeting of the Group if they consider that one is necessary. At least once a year, the Group shall have the opportunity to meet Britannia (UK)'s external auditors without the Managers being present.
9. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, with all available supporting papers, shall be forwarded to each Member of the Group and any person required or invited to attend, no later than five working days before the date of the meeting. Unless the meeting provides otherwise or at the Chair's discretion, participation shall be in person.
10. Appendix I details the schedule of regular agenda items for the Group.
11. The Chair shall chair each meeting of the Group. If the Chair is absent the other Directors present shall choose one of their number as Chair for that meeting, with that individual having the same authority and duties whilst Chair.
12. The Managers shall minute the proceedings of each meeting of the Group, including recording the names of those present and in attendance. The Group will report its recommendations to the Board at the next meeting following the Group's meeting.

## **Reporting Procedures**

13. The Chair of the Group will make reports on the work of the Group to the Board and minutes of meetings will be made available to all Directors.
14. The Group shall make whatever recommendations to the Board it deems appropriate on any area within its terms of reference.

## **Role of the Group**

15. The role of the Group shall be to:

### Risk

- (a) advise on Britannia (UK)'s overall risk appetite, tolerances and strategy, taking into account emerging risks and financial industry changes that may be relevant to Britannia (UK)'s risk policies;

- (b) ensure that due diligence is undertaken before any new strategic decision is taken by Britannia (UK), focusing in particular on risk aspects and implications for the risk appetite and tolerance of Britannia (UK); and
- (c) receive, consider and where appropriate take action in respect of reports from the Managers' Board, in particular, in respect of any material breaches of Britannia (UK)'s risk limits and adequacy of proposed actions;

#### External Audit

- (a) consider and make recommendations to the Board on the appointment, reappointment, dismissal and/or replacement of the external auditor;
- (b) review annually the qualification, expertise, resources, and independence of the external auditors and the effectiveness of the audit process;
- (c) review the audit fee and consider from time to time the cost effectiveness of the audit;
- (d) consider any work (other than the statutory audit undertaken by the external audit firm) to ensure that the independence and objectivity of the auditor is not impaired;
- (e) discuss and agree with the external auditor the nature and scope of the audit before the audit commences;
- (f) discuss issues arising from external audits, and any matters the auditors may wish to raise (in the absence of the Managers where appropriate); and
- (g) review the external auditor's management letter and the Managers' responses.
- (h) In any event, NEDs of the Group to meet with the external auditors and the internal auditor at least annually without the presence of any Manager representative or Executive Director.

#### Financial reporting

- (a) review and advise the Board on the publication of any financial statements focusing, in particular, on:
  - any changes in accounting policies and practice;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with accounting standards (and in particular any new accounting standards adopted in the financial year for the first time);
  - compliance with all regulatory and legal requirements; and
  - any related reports, such as the Chair's Statement, Strategic Report, Corporate Governance Report and Statutory Directors' Report; and
- (b) ensure outsourcing arrangements are robust and monitored effectively.

#### Internal Controls and Internal Audit

- (a) review Britannia (UK)'s system of internal financial control, including the Data Governance Framework;
- (b) review from time to time the internal audit function and satisfy itself with regard to its terms of reference and the scope of its remit;
- (c) receive regular reports on the work carried out by those responsible for Britannia (UK)'s internal audit function;
- (d) review Britannia (UK)'s operating, financial and accounting policies and practices;
- (e) receive, consider and act on (if required) an annual report from the Managers on any complaints made against Britannia (UK) and/or the Managers; and
- (f) consider such other matters as the Board may require;

#### Whistle-blowing/Fraud Prevention

- (a) ensure that the Managers have appropriate "whistle-blowing" arrangements in place by which members of their staff may raise concerns about possible improprieties in connection with financial transactions or financial reporting (including the procedures for protection of staff who raise concerns from detrimental treatment). The Group shall receive, consider and act as required on an annual report from the Managers' "Whistle-blowing Officer";
- (b) receive annually a report from the Whistle-blowing Champion prior to such report being provided to the Board; and
- (c) review and approve Britannia (UK)'s policies for preventing and detecting financial crime.

#### ESG

- (a) provide ongoing oversight of the effectiveness of Britannia (UK)'s ESG risk management framework; and
- (b) provide ongoing oversight of Britannia (UK)'s internal financial controls on ESG matters as set out in the Britannia Group's current Sustainability Report.

#### **Authority**

16. The Group is authorised by the Board to:

- (a) investigate any activity that falls within its terms of reference;

- (b) seek any information that it may require from internal and external sources to carry out its role; and
- (c) obtain, as considered necessary, independent external professional and/or legal advice at Britannia (UK)'s expense.

### **Miscellaneous**

- 17. The Group shall have access to sufficient resources in order to carry out its duties. However, insofar as their role requires consideration of underwriting or claims information, Members of the Group shall have access only to summary information for Britannia (UK) as a whole and shall not have access to an individual Member's underwriting or claims data which shall remain strictly confidential to the Managers and the Member concerned.
- 18. At least once a year, the Group shall:
  - (a) review its own constitution and terms of reference to ensure it is operating effectively;
  - (b) recommend to the Board, for approval, the changes that it considers appropriate; and
  - (c) review its own performance and report on any recommendations to the Board.

Adopted by the Board on 27 September 2024.

## APPENDIX I

### SCHEDULE OF REGULAR AGENDA ITEMS FOR THE RISK & AUDIT GROUP

#### In correspondence

The Britannia Group's latest draft ORSA (prior to consideration by the Board at its November meeting)

#### For each regular meeting

Apologies  
Declaration of any conflicts of interest  
Minutes of the previous meeting  
Matters arising from the previous meeting  
Dates and venues of future meetings of the Group  
Managers' risk report

#### At each February/March meeting

Internal Audit Report  
Annual IT Report

#### At each May meeting

GAAP Reserving Report  
Report and accounts  
Internal Audit Report  
Data Governance Framework update  
Modern Slavery Statement  
Update on full previous year expenses

#### At each June/July meeting

External Audit Report of the SFCR

#### At each September meeting

Chief Actuary's Report covering Technical Provisions  
Solvency and Financial Condition Report (SFCR)  
Internal Audit Report  
External Audit Plan  
Whistle-blowing Officer's Report  
Whistle-blowing Policy  
Standards of Business Conduct Policy  
Review of the Risk & Audit Groups' constitution and performance  
Risk & Audit Group's Terms of Reference