

<b>AUDIT COMMITTEE TERMS OF REFERENCE</b>
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The following are the terms of reference of the Audit Committee (the “Committee”) of esure Group plc (the “Company”) and each of its principal subsidiaries in the esure Group (“the Group”). Reference to the Board shall mean the Board of Directors of the Company. Reference to the Group shall mean the Company and its subsidiaries.

**1. Membership**

- 1.1 The Committee shall comprise at least two members. Membership shall include at least one member of the Risk Committee. Members of the Committee shall be appointed by the Board in consultation with the Chair of the Audit Committee.
- 1.2 All members of the Committee shall be independent Non-executive Directors at least one of whom shall have recent and relevant financial experience in accounting and/or auditing, ideally with a professional qualification from one of the professional accountancy bodies. The Group Chairman may be a member but not the Chair of the Committee. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the independent Non-executive Director still meets the criteria for the membership of the Committee.
- 1.4 The Board shall appoint a Committee Chair who shall be an independent Non-executive Director. In the absence of the Committee Chair and /or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.5 Only members of the Committee have the right to attend Committee meetings. There is an open invitation for the Group Chairman and Non-Executive Directors to attend any Committee meeting. The Committee may invite any Directors or other executives of the Company or require other persons to attend meetings where appropriate to assist in the effective discharge of the Committee’s duties. The Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Audit Officer and nominated Non-executive Directors of the Shareholder(s) will normally be in attendance at meetings. Other individuals or representatives of the internal audit function and representatives from the finance function may also be invited at the request of the Committee Chair to attend all or part of any meeting as and when appropriate and necessary. Attendees are not members of the Committee and may be asked to withdraw from meetings at the request of the Committee Chair.
- 1.6 The external auditor will be invited to attend meetings of the Committee.

**2. Secretary**

- 2.1 The Company Secretary or their nominee shall act as the secretary of the Committee (“Committee Secretary”) and will attend all its meetings and circulate information and papers to the Committee and its attendees in a timely manner to enable full and proper consideration to be given to issues. Information and papers for each meeting shall also be

made available to any Directors who is not a member of the Committee, unless the Committee Chair considers it inappropriate to do so.

### **3. Quorum**

3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the 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 Committee.

### **4. Meetings**

4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required, or as frequently as the Committee Chair shall require. Outside the formal meeting programme, the Committee Chair will maintain regular dialogue with key individuals involved in the Group's governance relating to these terms of reference.

4.2 Meetings shall be arranged to coincide with key dates within the Group's financial reporting and audit cycle where appropriate. Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Group Chairman, the Chief Executive, the Chief Financial Officer, the Chief Risk Officer, the Chief Audit Officer and the external audit lead partner.

### **5. Notice of Meetings**

5.1 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair, any of its members or at the request of the external audit lead partner if they consider it necessary.

5.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

5.3 Notices, agendas and supporting papers can be sent or made available in electronic form.

5.4 Committee meetings may be held either in person or by using technology that allows members to participate remotely or by a mixture of both. A Committee meeting shall be duly constituted and its proceedings valid if the Committee Chair is satisfied that the technology permits each person attending the meeting to communicate with each other.

### **6. Minutes**

6.1 The Committee Secretary or their nominee shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.2 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee, and final signed copies of the

Committee minutes should be maintained for the Company's records, in hard and soft copy where possible.

**7. Annual General Meeting**

7.1 The Committee Chair should attend the Annual General Meeting to answer shareholder questions on the Committee's activities throughout the year.

**8. Duties**

The Committee should have oversight of the business of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole.

**8.1 Financial Reporting**

8.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its Annual Report and Accounts and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the external auditor.

8.1.2. In particular, the Committee shall review and challenge where necessary:

8.1.2.1 compliance with any relevant legal, regulatory and statutory requirements and associated best practice guidance, including but not limited to general duties of Directors set out in the Companies Act 2006, the Provisions of the Wates Corporate Governance Principles for Large Private Companies 2018, the Guidelines for Disclosure and Transparency in Private Equity 2019 and the rules of the UK Listing Authority and any other applicable rules, as appropriate;

8.1.2.2 compliance with the requirements of any body by which the activities of the Group or its subsidiaries are regulated;

8.1.2.3 the application of significant accounting policies and any changes to them;

8.1.2.4 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.5 whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;

8.1.2.6 the clarity and completeness of disclosure; and

8.1.2.7 all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to audit and to internal controls.

8.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

- 8.1.4 The Committee shall consider and review the key annual regulatory returns to be filed by the Company or its subsidiaries, including but not limited to the Solvency and Financial Condition Report (“SFCR”) and the Regulatory Supervisory Report (“RSR”), and in the case of subsidiaries recommend those returns for review and approval by their boards.
- 8.1.5 Where requested by the Board, the Committee should review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and comprehensive and provides the information necessary for the shareholder to assess the Group’s performance, business model and strategy.
- 8.1.6 The Committee shall review the Annual Report and Accounts of the Company’s major subsidiary undertakings; and in the case of those subsidiaries recommend those Annual Report and Accounts for review and approval by their boards.
- 8.1.7 The Committee shall, if it so decides, produce a report of its activities during the year to be included in the Group’s Annual Report and Accounts.
- 8.2 **Internal controls**  
The Committee shall:
- 8.2.1 monitor the adequacy and effectiveness of the Company’s internal controls including financial and operational controls throughout the year; and
- 8.2.2 review and approve the statements to be included in the Annual Report and Accounts concerning internal controls.
- 8.3 **Whistleblowing**  
The Committee shall:
- 8.3.1 review the adequacy and security of the Company’s arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 8.4 **External Audit**  
The Committee shall:
- 8.4.1 consider and make recommendations to the Board, to be put to shareholder(s) for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company’s external auditor;
- 8.4.2 ensure that at least once every ten years (in accordance with CMA guidelines) the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;

- 8.4.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.4.4 oversee the relationship with the external auditor including (but not limited to):
  - 8.4.4.1 recommendations on their remuneration, including both fees for audit and non-audit services, and ensure that the level of audit fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 8.4.4.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 8.4.4.3 assessing annually their independence and objectivity taking into account relevant UK law, regulation and other professional requirements and the Group's relationship with the auditor as a whole, including the provision of any non-audit services;
  - 8.4.4.4 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of lead audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
  - 8.4.4.5 assessing annually the qualifications, expertise, resources of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - 8.4.4.6 seeking to ensure co-ordination of the external audit with the activities of the internal audit function; and
  - 8.4.4.7 agreeing with the Board a policy on the employment of former employees of the Company's auditor and monitor the application of this policy.
- 8.4.5 meet regularly with the external auditor, and at least once a year, without management being present, to discuss the auditor's scope and any issues arising from the audit;
- 8.4.6 discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and
- 8.4.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 8.4.7.1 a discussion of any major issues which arose during the audit;

- 8.4.7.2 key accounting and audit judgements;
- 8.4.7.3 levels of errors identified during the audit; and
- 8.4.7.4 the effectiveness of the audit process, and the auditor's view of their interactions with senior management.

The Committee shall also:

- 8.4.8 review any representation letter(s) requested by the external auditor before they are recommended to the Board for signing;
- 8.4.9 review any management letter and management's response to the auditor's findings and recommendations;
- 8.4.10 develop and implement a policy on the provision of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
  - 8.4.10.1 threats to the independence and objectivity of the external auditor and any safeguards in place;
  - 8.4.10.2 the nature of the non-audit services;
  - 8.4.10.3 whether the external audit firm is the most suitable supplier of the non-audit service; and
  - 8.4.10.4 the fees for the non-audit services, both individually and in aggregate, relative to the overall audit fee.
- 8.4.11 evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee.

## 8.5 **Internal Audit**

The Committee shall:

- 8.5.1 approve the appointment or termination of appointment of the Chief Audit Officer;
- 8.5.2 review and approve the role and mandate of the internal audit function, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the Group;
- 8.5.3 ensure the Chief Audit Officer has direct access to the Group Chairman and to the Committee Chair, providing accountability to the Committee and independence from the executive;

- 8.5.4 review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- 8.5.5 meet with the Chief Audit Officer at least once a year without the presence of management;
- 8.5.6 monitor and assess the role and effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system; and
- 8.5.7 carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:
  - 8.5.7.1 review and assess the annual internal audit work plan;
  - 8.5.7.2 determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
  - 8.5.7.3 review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chair shall report formally to the Board, either verbally or in writing, on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - 9.1.1 the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;
  - 9.1.2 its assessment of the effectiveness of the external audit process (required under paragraph 8.4.4.5), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
  - 9.1.3 any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 In compiling the report referred to in 9.1, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern.

## **10. Other Matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the services of the company secretariat for assistance on Committee matters as required;
- 10.2 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 and key developments in regulatory requirements;
- 10.3 give due consideration to laws and regulations, the provisions of the Companies Act 2006, the Wates Corporate Governance Principles for Large Private Companies 2018, the Guidelines for Disclosure and Transparency in Private Equity 2019 and the requirements of the rules of the UK Listing Authority and any other applicable rules, as appropriate;
- 10.4 work and liaise as necessary with all other Board Committees; and
- 10.5 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

## **11. Authority**

The Committee is authorised to:

- 11.1 undertake any activity within its Terms of Reference;
- 11.2 request the Chief Audit Officer or the Chief Risk Officer to carry out such independent reviews as it deems necessary and report back to the Committee;
- 11.3 seek any information it requires from any employee of the Company in order to perform its duties;
- 11.4 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 11.5 call any employee to be questioned at a meeting of the Committee as and when required; and
- 11.6 have the right to publish in the Company's Annual Report and Accounts, details of any issues that cannot be resolved between the Committee and the Board.

Approved and adopted by the Board on 22 November 2022.



## **Appendix**

Principal Audit Policies or Statements for Audit Committee Review are listed below. As amended from time to time these include but are not limited to:

- Whistleblowing Policy
- Reserving Governance Policy
- Tax Strategy (Policy)
- Non-Audit Services & Fees Policy
- Half Year Reporting (Walker PERG requirement)