

IntegraFin Holdings plc
AUDIT AND RISK COMMITTEE
TERMS OF REFERENCE
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1 Remit

- 1.1 The Audit and Risk Committee (the "Committee") is established as a committee of the Board of Directors of IntegraFin Holdings plc (the "Board" and "IHP" or the "Company" respectively).
- 1.2 The purpose of the Committee is to provide oversight and advice to assist IHP in fulfilling its responsibilities in respect of financial reporting, financial and operational controls and risk management across IHP and companies within the same group as IHP (the "Group").
- 1.3 The Committee shall oversee, review, and advise the Board on the adequacy and effectiveness of the Group's internal risk controls to identify the appropriate levels of risk exposure across the Group in line with its risk appetite.
- 1.4 The Committee shall oversee, review and advise the Board on the appropriateness of the Group's accounting policies.
- 1.5 The Committee shall oversee, review and provide assurance to the Board that appropriate external and internal audits and risk assessments are undertaken.
- 1.6 The Committee only has authority to act on behalf of the Group's other boards to the extent delegated to it by those boards.
- 1.7 The Committee is authorised to seek any information it requires from any employee or director of any company within the Group in order to perform its duties in relation to the Company. All employees within the Group will be directed to co-operate with any request made by the Committee and the Committee is authorised to request the attendance of any employee at a meeting as and when required.
- 1.8 In all its activities the Committee shall give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code (the "Code"), the Financial Reporting Council's (FRC) Revised Ethical Standard (2019), the FRC's Guidance on Audit Committees, the requirements of the FCA Handbook including Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules or regulations, as appropriate.

2 Membership

- 2.1 The Committee shall consist of at least three members, at least one of whom must have recent and relevant financial experience (ideally with a professional qualification from one of the professional accounting bodies), and the Committee as a whole shall have the competence relevant to the sector in which the Group operates. The members of the Committee, including the chair (the "Committee Chair"), shall be appointed by the Board, paying due consideration to the recommendation of the nomination committee. The Committee Chair should also be consulted in relation to non-Chair member appointments.

- 2.2 The Committee Chair shall be an independent non-executive director of IHP appointed by the Board.
- 2.3 The other members shall be such other independent non-executive directors of the Board as are appointed by the Board. The chair of the Board shall not be a member of the Committee but may attend meetings at the invitation of the Committee Chair.
- 2.4 The quorum of the Committee is two members.
- 2.5 Only the members of the Committee are entitled to be present at a meeting. However, other internal individuals and relevant external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.6 The Company Secretary or their nominee will attend all meetings unless asked to withdraw by the Committee Chair.
- 2.7 Each member of the Committee shall disclose to the Committee:
- 2.7.1 any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
- 2.7.2 any potential conflict of interest arising from a directorship of another Group company.
- 2.8 Any member who discloses a personal financial interest or a potential conflict of interest shall abstain from participating in discussions at, and voting on resolutions of, the Committee in relation to which such interest exists.
- 2.9 In the absence of the Committee Chair, the members present shall nominate one of their number as Committee Chair for that meeting provided the Committee remains quorate.
- 2.10 At the discretion of the Committee Chair, members can be present at meetings by telephone or video-conference, provided that each member is able to hear each other member present.
- 2.11 The Committee may from time to time retain the services of appropriate external experts familiar with the specific audit & finance and/or risk related issues, including ESG, affecting the Group to act in the capacity of adviser to the Committee.

3 Responsibilities & Methodology

3.1 Financial Reporting

- 3.1.1 The Committee shall monitor the integrity of the Company's financial statements including its annual reports, half-yearly reports, interim management statements (if required), preliminary results announcements and other formal announcements relating to financial performance, and review and report to the Board on significant financial reporting issues and judgments which those contain having regard to matters communicated to it by the external auditor.
- 3.1.2 In particular, the Committee shall review and challenge, where necessary:

- (a) the application of significant accounting policies and any changes to them;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;
- (c) the Company's adoption of appropriate accounting policies and assess whether the estimates and judgements are appropriate, taking into account the views of the external auditor on the financial statements;
- (d) the clarity and completeness of disclosures and the context in which statements are made; and
- (e) all other material information presented with the financial statements, such as the strategic report and the corporate governance statement relating to the audit and to risk management.

3.1.3 The Committee shall make recommendations to the Board concerning the approval of the Company's annual and half-yearly accounts.

3.1.4 The Committee shall review the Company's statements on compliance with the Code, going concern assumption, the viability statement assumptions and the review of the Company's system of internal control and risk management prior to approval by the Board and make any recommendations it thinks appropriate.

3.1.5 The Committee shall review any statements requiring Board approval which contain financial information first, where to carry out a proper review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency sourcebook.

3.1.6 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.

3.2 Non-Financial Reporting

3.2.1 The Committee shall monitor the integrity of the Company's financial statements including its annual reports, half-yearly reports, interim management statements (if required), preliminary results announcements and other formal announcements relating to non-financial statements.

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

- (a) Assurance over the company's reporting under the Task Force for Climate Related Financial Disclosures (TCFD) requirements.
- (b) Assurance over the company's non-financial disclosures in the annual report and accounts.

3.3 Narrative Reporting

Where requested by the board, review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to

assess the company's position and performance, business model and strategy, and whether it informs the board's statement in the annual report on these matters that is required under the Code.

3.3 Internal (Financial and Operational) Controls

The Committee shall review, and receive assurance reports from management on, the manner in which the Company implements, and monitors the adequacy and effectiveness of internal financial, operational and compliance controls.

Whistleblowing, Bribery, and Fraud

The Committee shall:

- 3.3.1 Seek assurance at least annually from the non-executive director appointed as the Group's Whistleblowing Champion of the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 3.3.2 Review annually the Group's Whistleblowing Policy and recommend its approval to the Board.
- 3.3.3 Review annually the Group's assessment and procedures for detecting fraud.
- 3.3.4 Review annually the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 3.3.5 Review annually assurance on the adequacy and effectiveness of the Group's anti-money laundering systems and controls.

3.4 Internal Audit

The Committee shall, with input from the IFAL, ILUK and ILInt Audit and Risk Committee ('ARC') Chairs where appropriate:

- 3.4.1. Approve the appointment or removal of the Head of Internal Audit.
- 3.4.2. Review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, including the adequacy of resources and access to information, with freedom from restrictions, to ensure the proper performance of the activities of the Internal Audit department in accordance with the relevant professional standards for internal auditors.
- 3.4.3. Annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation and confirm there are no conflicts of interest that the Committee is aware of and that the function adheres to the Internal Audit Charter.
- 3.4.4. Ensure the Head of Internal Audit has direct access to the board chair and to the Committee Chair, providing independence from the executive and accountability to the Committee.

- 3.4.5. Review and approve the annual Group Internal Audit Plan, including any materials changes to the Plan, to ensure it is aligned to the key risks of the business and request that the Group Internal Audit Plan include specific areas of review on matters relating to IHP or to other companies in the Group if the Committee has concerns about the delivery of objectives by a Group company.
- 3.4.6. Carry out an annual assessment of the effectiveness of the internal audit function and, as part of this assessment:
- (a) meet with the Head of Internal Audit without the presence of management to discuss the effectiveness of the function and any issues arising from the internal audits being carried out;
 - (b) Receive input from the Chairs of the IFAL, ILUK and ILInt ARCs on their views of the effectiveness of the internal audit function;
 - (c) monitor and assess the independence and objectivity of the Group's Internal Audit function;
 - (d) determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business;
 - (e) review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
 - (f) monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor; and
 - (g) consider whether an independent, third party review of processes is appropriate.
- 3.4.7 Obtain an independent external assessment of the Group Internal Audit function, in line with the Chartered Institute of Internal Auditors' Standards, to be conducted between every three and five years.
- 3.4.8 Receive and review copies of all formal internal audit reports in respect of IHP or activities within other companies in the Group which present a significant risk to the Group as a whole.
- 3.4.9 Receive communications from the Head of Internal Audit on the Group Internal Audit department's performance relative to its Plan(s) and other matters.
- 3.4.10 Receive from the internal audit department a quarterly report on completed audit reports, progress against the annual internal audit plan, the quality assurance and improvement programme and all internal audit recommendations to meet identified internal control deficiencies and review progress of agreed actions in response to the identified deficiencies.
- 3.4.11 Review, on an annual basis, the Head of Internal Audit's annual opinion on risk management, governance and the control environment.

- 3.4.12 Seek assurance from the chairs of the IFAL, ILUK and ILInt ARCs regarding completion of actions agreed by management in response to the findings and recommendations of internal audit reports and that any material exceptions have been escalated to the Committee Chair.

3.5 External Audit

The Committee shall, with input from the IFAL, ILUK and ILInt Audit and Risk Committee ('ARC') Chairs where appropriate:

- 3.5.1 Develop and oversee the selection procedure for the appointment of the Group's audit firm in accordance with the applicable Code and regulatory requirements, ensuring all tendering firms have access to all necessary information and individuals during the tendering process.
- 3.5.2 If an auditor resigns, investigate the issues leading to this and decide whether any action is required.
- 3.5.3 Approve the external auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- 3.5.4 Approve the external auditor's remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted.
- 3.5.5 Discuss with the external auditor the factors that could affect audit quality and review and assess the annual external 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.
- 3.5.6 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- (a) A discussion of any major issues which arose during the audit;
 - (b) the auditor's explanation of how the risks to audit quality were addressed;
 - (c) key accounting and audit judgements;
 - (d) the auditor's view of their interactions with senior management; and
 - (e) levels of errors identified during the audit.
- 3.5.7 Review all audit representation, engagement and management letter(s) in respect of IHP requested by the external auditors, including any responses by management to the auditor's findings and recommendations. Where reasonably possible, these should be reviewed before they are signed by management.
- 3.5.8 Assess annually the external auditor's independence and objectivity and other professional requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services.
- 3.5.9 Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the

Company (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity.

- 3.5.10 Agree with the Board a policy on the employment of former employees of the Company's auditor, taking into account the Ethical Standard (or its successor) and legal requirements, and monitor the application of this policy.
- 3.5.11 Monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff.
- 3.5.12 Where a conflict is identified the Committee shall satisfy itself that the external auditors have taken appropriate steps to manage the conflict and that they are still able to perform their duties and meet their objective of independence.
- 3.5.13 If the Committee is not satisfied that the external auditors have taken such steps, the Committee will escalate the matter to the Board to consider appropriate action.
- 3.5.14 Monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard.
- 3.5.15 Meet regularly with external auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit.
- 3.5.16 Assess at least annually the external auditors' suitability and competence – which will include a review, with input from the Chairs of IFAL, ILUK and ILInt, of matters such as qualifications, expertise, resources and independence and the effectiveness and quality of the audit process, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee. As part of this assessment, the Committee shall receive and review a report from the external auditors on their own internal procedures.
- 3.5.17 Establish and annually review the External Auditor Policy.
- 3.5.18 Establish and annually review and recommend to the Board for approval of the Company's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be preapproved, taking into account relevant law and the Ethical Standard, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. In the context of non-audit services that are not prohibited by law, the policy should include consideration of the following matters:
 - (a) threats to the independence and objectivity of the external auditor and any safeguards in place;

- (b) the nature of the non-audit services;
- (c) whether the external audit firm is the most suitable supplier of the non-audit service;
- (d) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
- (e) the criteria governing compensation of the individuals performing the audit.

3.5.19 Receive a report at each meeting on any non-audit services provided in the period by the external auditor(s) from the Group Chief Financial Controller to demonstrate the amounts being incurred do not give rise to a conflict with their independence.

3.5.20 Consider and make recommendations to the Board, for it to put to the shareholders for their approval, at an annual general meeting of the Company, in relation to the appointment, re-appointment and removal of the external auditor.

3.5.21 Seek to ensure there is appropriate liaison and co-ordination of the external audit with the activities of the internal audit function.

3.5.22 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.

3.6 Risk Management

3.6.1 The Committee shall review the manner in which Group companies implement and monitor the adequacy of the Group's risk management framework. It shall assist the Board in fostering a culture within the Group that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to management of the Group.

3.6.2 To achieve this goal, it shall undertake activities on its own behalf, on behalf of the consolidated Group and by escalation from the boards or committees of the other Group companies:

General risk management

- (a) Maintain oversight of risk management activities in relation to non-regulated entities within the IHP Group and monitor their effectiveness and receive assurance from, and make enquiry as necessary to, the IFAL, ILUK and ILInt (collectively the "regulated entities") audit and risk committees (individually referred to as "ARC") that risk management activities at entity-level are adequate and are in line with the Group's risk management framework.
- (b) Ensure that management has undertaken a robust assessment of the emerging and principal risks facing the Group (including those risks that would threaten its business model, future performance, the adequacy of liquidity and capital resources in particular for the regulated entities as well as the overall

- solvency of the Group) along with the adequacy of the mitigation actions of those risks and recommend these to the IHP board.
- (c) Review and challenge as necessary, and at least annually, reporting on the status of the Group's risk profile taking into account areas of potential harm to customers, the firm and markets - by reference to risk appetite, risk trends and risk concentrations - against the most significant risks and the risk appetite of the Group as a whole.
 - (d) Review the Group's Risk Management Policy and Risk Management Framework triennially, or more frequently if material changes are necessary, and recommend to the Board any material changes to these documents.
 - (e) Annually review the IHP Group Risk Appetite Framework in relation to the Group's strategy for recommendation to the IHP Board.
 - (f) Receive assurance at least annually that appropriate plans and procedures are in place to ensure that the operations of each entity within the Group are resilient.
 - (g) Review promptly all reports on IHP specific matters by the Chief Actuary and Chief Risk Officer.
 - (h) Seek assurance from the chairs of the IFAL, ILUK and ILInt ARCs that management responses have been provided to any findings and recommendations of the Chief Risk Officer, or equivalent person responsible for the function, recorded in reports on IHP specific matters and that any material exceptions have been escalated to the Committee Chair.

Transactions and Events

- (i) At the Board's request, advise the Board on proposed strategic transactions (including acquisitions or disposals) ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Group, and taking independent external advice into account where appropriate and available.
- (j) Where applicable, review all material adverse crystallisation of risks (including those involving breaches of the Group's procedures), including root cause analysis and making recommendations for future improvements of the Group's risk management system.

Remuneration and Risk

In conjunction with the Remuneration Committee:

- (k) Where appropriate, provide quantitative advice on risk considerations to be applied to any performance objectives incorporated in executive remuneration.
- (l) monitor the Group's implementation of remuneration schemes.

3.6.3 The Committee will escalate matters of relevance to the Board.

3.6.4 The Committee will satisfy itself that the Risk function is adequately resourced and has appropriate access to information so as to be able to perform its function effectively.

4 Reporting

- 4.1 The Committee Chair shall report to the Board on the Committee's proceedings after each meeting and how it has discharged its responsibilities and the meeting minutes shall be provided to the Board. This report shall include (to the extent covered by the business of the relevant Committee meeting):
 - 4.1.1 The significant issues that it considered in relation to the financial statements and how these were addressed;
 - 4.1.2 Its assessment of the effectiveness of the external audit process, 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
 - 4.1.3 Any other issues on which the Board has requested the Committee's opinion.
- 4.2 The Committee shall make recommendations and provide advice to the Board on any area within its remit that it considers relevant to achieving the Group's goals or where action or improvement is needed.
- 4.3 The Committee's responsibilities, membership and activities during the year shall be set out in a separate section of the Annual Report. This section is to include:
 - 4.3.1 the Group's risk management strategy, objectives and policies;
 - 4.3.2 the significant issues that the Committee considered relating to the financial statements, and how these issues were addressed;
 - 4.3.3 an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
 - 4.3.4 in the case of a board not accepting the audit committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); and
 - 4.3.5 an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Code.
- 4.4 The Committee shall review and approve the statements to be included in the annual report and financial statements concerning internal controls, risk management, and principal risks and uncertainties on an annual basis.

5 Meetings

- 5.1 The Committee shall meet at least three times per year at appropriate times in the reporting and audit cycle and otherwise as required.
- 5.2 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee.
- 5.3 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 Committee, and any other person required to attend, no later than five working days before the meeting.

- 5.4 The agendas of the meetings will be structured to allow for both planned topics and to allow discussion time for other items to be raised.
- 5.5 The company secretary, or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.6 The secretary or their nominee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.7 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.
- 5.8 The Committee Chair, or as a minimum another member of the Committee, shall attend the Board meeting at which the annual report and financial statements are approved.
- 5.9 Where there is disagreement between the Committee and the Board that cannot be resolved, the Committee shall have the right to report the issue as part of its annual report to shareholders.
- 5.10 Outside of the formal meeting programme, the committee chair will maintain a dialogue with key individuals involved in the Company's governance, including the board chair, the Chief Executive, the group Chief Financial Controller, the external audit lead partner and the Head of Internal Audit.
- 5.11 The Committee shall meet privately at least once a year with the Head of Internal Audit and with the external auditors in the absence of the Company's executive directors or employees, to discuss the current remit and any issues arising from their respective audits.
- 5.12 The external or internal auditors may request a meeting is held should they consider that one is necessary.

6 Annual General Meeting

The Committee Chair shall attend the AGM and answer questions, through the chair of the Board, on the Committee's responsibilities and activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

7. Committee Evaluation

- 7.1 The Committee will conduct an annual evaluation of the Committee's effectiveness and an annual evaluation of the performance of the Committee Chair.
- 7.2 The Committee will conduct a review of its terms of reference and the activities carried out by reference to these terms of reference, and the Committee Chair will report any significant findings to the Board with any recommendations for changes to these terms of reference.

7.3 The Committee will ensure that its members take individual responsibility for identifying training appropriate to their needs and keeping appropriate records of such training. Each Committee member shall provide copies of their training record to the company secretary at least annually and will undertake all regulatory training requested by the Group.

7.4 The Committee shall ensure that it has adequate independence and is free from management and other restrictions.

8. Terms of Reference

The Committee will review these terms of reference annually. Any changes to the terms of reference must be recommended to the Board for approval.

9. Support

The Committee shall:

9.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required;

9.2 be provided with access to appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members; and

9.3 be authorised by the Board to obtain, at the Company's expense and to a budget agreed by the Board, outside legal or other professional advice on any matters within its terms of reference and may seek any information it requires from any employee in order to perform its duties.