

BOARD AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

1. PURPOSE

The purpose of the Board Audit and Risk Committee (hereafter referred to as 'the Committee') is to:

- oversee the integrity of the Companies' financial statements and approve that they represent a true and fair reflection of the trading position and of the assets and liabilities
- review and make recommendations with regard to the appointment or removal of the Companies' external auditor
- ensure the appropriate performance of external audit, internal audit, Risk Assurance and Compliance Assurance functions, and review their outputs
- oversee the processes that ensure compliance with legal and regulatory requirements
- oversee the development and implementation of the Companies' internal control environment, including its risk management, compliance and assurance frameworks
- review the aggregated risks being borne by the business and validate that they are maintained within the appetite for risk agreed by the Boards

2. SCOPE AND CONSTITUTION

The Committee:

- acts on behalf of the Companies and all their subsidiary companies; and
- operates under powers delegated to it from the ReAssure and ARUKSL Boards.

The Audit & Risk Committees of each of ReAssure and ARUKSL are separate and members must discharge their duties to each Company separately, mindful of the possibility of and need to address any conflicts between their duties to the two Companies. Subject to this, the Audit and Risk Committees of the Companies will, where possible, operate on a combined basis with the intent that any risks relating to a Company may arise from the acts and omissions of the other Company.

Similarly, given that acts and omissions of SRLC and its other subsidiaries can have risk consequences for the Companies, the papers for the SRLC Board and its Management Team Risk Committee (including pre-reading and minutes) will be shared with the ReAssure and ARUKSL Board Audit & Risk Committee, unless and to the extent SRLC management consider in good faith that such papers must not be shared (or should be redacted) for exceptional reasons (such as a strategic review of shareholder interests).

These Terms of Reference have been approved by the Boards.

3. MEMBERSHIP

The Committee members are:

- An Independent Member of the Board (Chairman)
- Plus one additional Independent Member
- A Non-Executive Member
- Swiss Re Managing Director, Group Chief Actuary

The meetings should be attended by:

- ReAssure CEO
- ARUKSL CEO
- Admin Re UK Finance Director
- AR UK Chief Risk Officer
- ReAssure Actuarial Function Holder
- Head of Compliance
- Risk Assurance Executive
- Group Internal Audit Representative

4. QUORUM

Two members of this committee must be present in order to make or ratify a decision; this must include the Chairman or the Chairman's nominated deputy.

5. PRINCIPAL DUTIES

The duties of the Committee include the following:

To approve:

- the scope, plan and reports of external auditors and their remuneration
- the scope, plan and key outputs of internal audit, Risk Assurance and Compliance Assurance functions
- accounting policies and associated procedures

To monitor and challenge:

Audit issues

- the implementation and effectiveness of management policies and procedures to ensure that the quality of the internal control environment as established by the executive management is adequate, particularly regarding financial reporting
- progress reports on the completion of the internal audit plan and external audit plan
- reports, issues, and management responses arising from external audit and internal audit activity

Risk and compliance issues

- the Companies' overall risk profile, including exposures and concentrations, losses and potential impacts, against risk appetite

- the effectiveness of the compliance, risk and business assurance functions to ensure that they are fulfilling their responsibilities and have the appropriate resources to do so
- critical principles used for internal risk measurement, asset and liability valuation, capital adequacy assessment and economic performance measurement, as well as their implementation
- progress reports on the completion of the assurance plans of Risk Assurance and Compliance Assurance
- significant reports, issues, and management responses arising from Risk Assurance and Compliance Assurance activities
- the risks to the Companies associated with pension scheme provisions for staff
- any material litigation, current or pending, not arising from normal business activities
- significant limit breaches or non-compliance with either regulatory or group requirements

Financial reporting issues

- financial accounts and required reports to be provided to Swiss Re Group
- legal, regulatory and compliance matters that could have significant financial or reputational impacts
- the establishment and operation of processes dealing with accounting, the internal control environment, audit or compliance complaints, as well as a confidential, anonymous (“whistleblowing”) process by which these matters can be raised by employees

To review and recommend to the Board:

- risk frameworks for financial and non-financial risks including risk strategies, risk appetite statements, risk policies, limit frameworks and risk governance arrangements
- risk tolerance procedures regarding capital adequacy, risk concentration, and earnings volatility
- compliance and legal policies
- the Annual Financial Statements and FCA/PRA returns
- risk, compliance and internal audit functions mission, vision, mandate and objectives, structures and resource plans
- the proposed appointment or removal of external auditors with the expectation being that an external auditor proposed by Swiss Re Group shall be recommended unless there is considered to be good reason for doing otherwise

To review:

- its own effectiveness as a Committee in fulfilling its responsibilities on an annual basis

6. MANAGEMENT INFORMATION AND RESOURCE REQUIREMENTS

Examples of types of information that ought generally to be provided to the Committee include:

Quarterly information

- Internal audit reports and assurance reports highlighting key findings, open issues, and assurance closure
- External auditor internal controls report
- Risk class reports
- Risk profile summary reports
- Detailed reporting on the external and/or internal audit functions
- Control environment self-assessment/monitoring
- Profit and loss reporting, such as IFRS earnings, new business margins, and risk-adjusted performance measures
- Compliance officers activity reports
- Operational risk update
- Management Risk Committee minutes
- Risk landscape
- Assurance plan progress

Half-yearly information

- Financial statements on half-yearly basis (in line with interim statements)
- Statement of internal control (Turnbull)

Annual information

- Accounting policies for approval
- Approval of annual report and financial statements
- Approval of FCA/PRA returns
- External auditor annual plan and year end report
- Money Laundering Reporting Officers report
- Risk Assurance and Compliance Assurance plans
- Internal audit plan
- Fraud risk questionnaire

Additional information as required

- Key transaction reports
- Internal audit reports

Access to People and Auditors

- The Committee can require attendance by such employees as it may choose at its meetings.
- The Committee should meet the external auditors of the Companies at least once per year.
- The Companies must give the Committee all such assistance as the Committee may reasonably require.