

**SABRE INSURANCE GROUP PLC AND SABRE INSURANCE COMPANY LIMITED**

**RISK COMMITTEES**

**TERMS OF REFERENCE**

These terms of reference were adopted by the Risk Committees (the "**Committees**") on 20 May 2020 and approved by the board of directors of Sabre Insurance Group plc (the "**Company**") (the "**Board**") on 20 May 2020.

**1. MEMBERSHIP**

- 1.1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chair of the Board may be a member of (but not Chair) the Committee if they were considered independent on appointment as Chair. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee (the "**Committee Chair**").
- 1.2. Membership shall include, where possible, the Audit Committee Chair, and one member of the Remuneration Committee. Additionally, at least one member of the Committee shall have significant, recent and relevant risk experience, ideally with a professional qualification.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, Chief Executive Officer, the Chief Risk Officer, Head of Compliance, other directors, representatives from the Group's (as defined in paragraph 9 below) Compliance and Risk functions and external advisers may be invited to attend for all or part of any meeting as and when deemed appropriate and necessary by the Board or the Committee.
- 1.4. Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, so long as the relevant member continues to be independent.
- 1.5. The Board shall appoint the Committee Chair who shall be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy at a

Committee meeting, the remaining members present shall elect one of themselves to chair the relevant meeting.

**2. SECRETARY**

The Company Secretary or their nominee shall act as the secretary to the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to its business.

**3. QUORUM**

3.1. The quorum necessary for the transaction of business at a meeting of the Committee shall be two members (including wherever possible, at least one member with significant, recent and relevant risk management experience). 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.

3.2. The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary to the Committee shall minute them accordingly.

3.3. The members of the Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all or any of the members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

3.4. Without prejudice to the provisions of paragraphs 3.1 to 3.3 above, the members of the Committee may make decisions without a meeting, by unanimous written consent, but only when deemed appropriate and necessary by the Committee Chair.

**4. MEETINGS**

4.1. The Committee shall meet at least three times a year at appropriate intervals.

- 4.2. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue (highlighting, in particular, any matters of concern in relation to solvency matters or compliance with any regulatory obligations) with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Risk Officer and the Head of Compliance.

**5. NOTICE OF MEETINGS**

- 5.1. Meetings of the Committee shall be convened by the Secretary to the Committee at the request of any of its members or at the request of the Chief Risk Officer or Head of Compliance.
- 5.2. Unless otherwise agreed, 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. The notice period set out in paragraph 5.2 may be reduced at the sole discretion of the Committee Chair to whatever they consider appropriate.
- 5.4. The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

**6. VOTING ARRANGEMENTS**

- 6.1. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 6.2. If a matter that is considered by the Committee is one where a member of a Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.3. Except where he has a personal interest, the Committee Chair shall have a casting vote.

- 6.4. The Committee Chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **7. MINUTES OF MEETINGS**

- 7.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including the names of those present and in attendance.

- 7.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

- 7.3. Final signed copies of the minutes of the Committee should be maintained for the Company's records, in hard and soft copy (where possible).

## **8. ANNUAL GENERAL MEETING**

The Committee Chair shall attend the annual general meeting of the Company to answer any shareholder questions on the Committee's activities and areas of responsibility.

## **9. DUTIES**

The Committee should have oversight of the Company and its subsidiaries as a whole (the "**Group**") and, unless required otherwise by regulation, carry out the duties detailed below for the Group as a whole (as appropriate) and assist on such other matters as may be referred to it by the Board.

The Committee shall:

- 9.1. advise the board on the company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the company's risk policies
- 9.2. oversee and advise the board on the current risk exposures of the company and future risk strategy
- 9.3. in relation to risk assessment:

- 9.3.1 keep under review the company’s overall risk assessment processes that inform the board’s decision making,
  - 9.3.2 review regularly and approve the parameters used in these measures and the methodology adopted; and
  - 9.3.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 9.4. review the company’s capability to identify and manage new risk types
  - 9.5. before a decision to proceed is taken by the board, 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 company, and taking independent external advice where appropriate and available
  - 9.6. review reports on any material breaches of risk limits and the adequacy of proposed action.
  - 9.7. keep under review the effectiveness of the company’s management systems and review and approve the statements to be included in the annual report concerning risk management
  - 9.8. provide qualitative and quantitative advice to the remuneration committee on risk weightings to be applied to performance objectives incorporated in executive remuneration
  - 9.9. consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate independence and is free from management and other restrictions
  - 9.10. recommend to the board the appointment and/or removal of the CRO
  - 9.11. review promptly all reports on the company from the CRO
  - 9.12. review and monitor management’s responsiveness to the findings and recommendations of the CRO
  - 9.13. ensure the CRO shall be given the right of unfettered direct access to the Chair of the board and to the committee
  - 9.14. recommend to the board the appointment and/or removal of the Data Protection Officer (‘DPO’)
  - 9.15. review how the Company meets its obligations under the Data Protection Act
  - 9.16. review promptly all reports on the Company from the DPO

- 9.17. review and monitor management's responsiveness to the findings and recommendations of the DPO
- 9.18. ensure the DPO shall be given the right of unfettered direct access to the Chair of the board and to the committee
- 9.19. recommend to the board the appointment and/or removal of the Head of Compliance
- 9.20. review how the Company meets its obligations under the FCA Principles 1 to 11 and PRA Fundamental Rules 1 to 8
- 9.21. review promptly all reports on the Company from the Head of Compliance
- 9.22. review and approve the Company's Annual Compliance Plan
- 9.23. review and monitor management's responsiveness to the findings and recommendations of the Head of Compliance
- 9.24. ensure the Head of Compliance shall be given the right of unfettered direct access to the Chair of the board and to the committee

**10. REPORTING RESPONSIBILITIES**

- 10.1. The committee Chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The committee shall produce a report of its activities and the company's risk management and strategy to be included in the company's annual report.

**11. OTHER MATTERS**

The Committee shall:

- 11.1. have access to sufficient resources in order to carry out its duties, including access to the company secretarial function and any employees of the Group for 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;
- 11.3. give due consideration to laws and regulations (including the Companies Act 2006), the provisions of the UK Corporate Governance Code (or any replacement governance code) and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules, and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate, and give due consideration to the recommendations and

- requirements of any body which regulates the activities of the Group (whether such recommendations and requirements have force of law or not);
- 11.4. oversee any investigation of activities which are within its terms of reference;
- 11.5. work and liaise as necessary with all other Board committees;
- 11.6. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval; and
- 11.7. make available these terms of reference to the Board and the Company's shareholders.

## **12. AUTHORITY**

The Committee is authorised to:

- 12.1. undertake any activity within its terms of reference;
- 12.2. request the CRO, heads of the compliance and internal audit functions to carry out such independent reviews as it deems necessary and report back to the Committee;
- 12.3. seek any information it requires from any employee or director of the Group in order to perform its duties;
- 12.4. obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter where it believes it is necessary to do so;
- 12.5. call any employee to be questioned at a meeting of the Committee as and when required; and
- 12.6. 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.