Holloway Friendly

Terms of Reference

Audit & Risk Committee

1. Membership & Attendance

The Committee comprises at least three Non-Executive Directors. Committee members are appointed by the Board. The Chair of the Board shall not be a member.

Only Committee members have the right to attend Committee meetings. At the Chair's discretion, other individuals such as the Chief Executive, other directors and representatives of the finance, actuarial, risk and compliance functions may be invited to attend for all or part of any meeting, as and when appropriate.

The Committee will routinely meet with only Committee Members present, in private.

The external auditors, internal auditors, and With-Profits Actuary will be invited to attend scheduled meetings of the Committee. They, together with the Chief Actuary, Head of Finance & Control, CRO and Head of Compliance, will regularly be invited to private meetings with the Committee.

The Board will review the membership of Committees annually.

The Board will nominate the Chair of the Committee, who should have recent and relevant financial experience. In the absence of the Chair, those Committee Members present may elect one of their number to chair a meeting.

2. Secretary

The Company Secretary or her/his delegate will act as the Committee's Secretary, unless the Committee prefers to record all or part of its meeting in private.

3. Quorum

The quorum for the transaction of business is two Committee Members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

The Committee is expected to meet at least quarterly and additionally as the Chair deems necessary.

Outside the formal meetings, the Chair, and to a lesser extent, other Committee members, will maintain a dialogue with individuals involved in the Society's governance, including the Board Chair, the Chief Executive, the Head of Finance & Control, the Chief Risk Officer, the external and internal audit partners, the Chief Actuary and the With-Profits Actuary.

5. Notice of Meetings

Committee meetings will be called by the Secretary at the request of the Chair.

A schedule of dates for the following year will be issued by the end of quarter 3 of the current year. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, and agenda will be forwarded to each Committee Member and any other person required to attend no later than 7 working days before the date of the meeting. Supporting papers will be circulated at an appropriate time.

6. Minutes of Meetings

The Secretary will minute the proceedings and resolutions of all meetings, including the names of those present and in attendance.

Draft minutes will be agreed with the Chair, then ordinarily circulated to all Committee members and then the Board. Appropriate minutes will be circulated to attendees as necessary. The accuracy and completeness of previous minutes will be considered at the start of the next scheduled meeting.

7. Annual General Meeting

The Chair will attend the Annual General Meeting, prepared to respond to any questions from the Society's membership on the Committee's activities.

8. Responsibilities

8.1 Overview

The Committee is established to:

- Ensure the integrity of the Society's financial reporting processes and statements through considering significant judgements made and monitoring, and
- review the effectiveness of the external and internal auditors, making recommendations as appropriate.

The Committee further monitors on behalf of the Board the effectiveness of the Society's risk and control frameworks.

8.2 Financial Reporting

The Committee will:

- monitor the integrity of the financial statements, in particular by:
  - considering proposed changes to accounting policies and practices

- considering reserving assumptions and methodology and ensuring that the calculation of provisions is in line with accounting and regulatory requirements
- considering whether appropriate estimates and judgements have been made
- considering all material information presented with the financial statements, including the strategic report and the corporate governance statements

- report to the Board on significant financial reporting issues and judgements that the reporting contains, having regard to matters communicated by the external auditors,
- recommend the financial statements to the Board, and
- receive reports from management on the progress of the Society against key financial targets and metrics.

8.3 Internal Audit

The Committee will:

- approve the annual internal audit plan, ensuring that it is aligned with the major risks of the business and monitor performance against this audit plan
- review reports addressed to the Committee from the Internal Auditors and/or any significant findings
- approve changes to the agreed internal audit plan
- ensure management are responding in a timely manner to any issues identified in audit reports
- annually review the work, performance and effectiveness of the internal auditor, and
- recommend the appointment of the internal auditor to the Board.

8.4 External Audit

The Committee will oversee the relationship with the external auditor and will:

- approve the terms and scope of engagement, including the engagement letter issued at the start of each audit
- review the proposed external auditor representation letter, prior to its signing and recommending it to the Board
- consider the audit opinion and any accompanying management letter directed to them including managements response and action plans
- review the results of the audit, performance, expertise of the external auditor and the effectiveness of the audit process (this might include receiving a report from the auditor on their own quality assurance processes)
- review the independence and objectivity of the external auditor including meeting appropriate standards on rotation of audit partners
- approve the remuneration of the external auditor
- oversee the selection process for the appointment of a new external audit firm
- on resignation of an external auditor, investigate the issues leading to the resignation and decide whether any action is required, and
- annually recommend to the Board either the removal and appointment or re-appointment of the external auditor to be proposed to the Society's Members at the AGM.

8.5 Assurance

The Committee will:

- approve the annual assurance plan covering risk and compliance monitoring, proposals to amend it and monitoring progress of activity against the plan
- review the effectiveness of the Society's arrangements (including policy review and recommending to the Board) for:
  - preventing bribery
  - detecting and managing fraud
  - enabling employees to raise concerns in confidence, about possible wrong-doing
- receive reports from the Head of Compliance on any matter concerning compliance with relevant conduct rules and review results of any subsequent management follow-up, and
- review significant findings and remedial management action arising from assurance reviews

8.6 Risk Management & Internal Control

The Committee will:

- review and recommend the Risk Management Framework policy and Risk Appetite to the Board

- review and recommend proposed ORSA scenarios to the Board
- review and recommend the ORSA policy to the Board
- review and recommend the ORSA report to the Board
- assess the effectiveness of the Society's risk management framework
- receive and review reports from the SMF4 on risk matters,
- review the Society's business continuity arrangements and recommend to the Board, and
- periodically review the Society's risk register (to include consideration of Environmental, Society and Governance risks).

8.7 Actuarial

The Committee will:

- review and recommend the proposed valuation method and basis for calculating the technical provisions to the Board
- review and recommend the technical provisions to the Board
- review and recommend bonus proposals from the With-Profits Actuary to the Board
- review and recommend the Capital Management policy to the Board
- receive and consider the annual report from the Chief Actuary on the Actuarial Function

9. Reporting Responsibilities

The Chair will report the Committee's activities to the Board at its next suitable meeting.

The Committee is authorised to make whatever recommendations it deems appropriate, on any area within its remit, to the Board.

The Committee will make a statement in the Society's annual report about its activities.

10. Liaison with the Board and other Board Committees

The Committee will liaise with other Board Committees as necessary.

11. Governance of the Committee

The Committee will review its own performance, constitution and terms of reference at least once a year to ensure that it is operating at effectively. Any changes it considers necessary will be recommended to the Board for approval.

The Chair will appraise Committee Member performance in discussion with the Board Chair.

Committee members will appraise the Chair in their discussions with the Board Chair.

12. Authority

The Committee is authorised to oversee any investigation of activities that are within its terms of reference. It will give due consideration to laws and regulations to which the Society is subject, and to appropriate corporate governance codes.

The Committee has access to sufficient resources to carry out its duties, including to the Company Secretariat.

The Committee is authorised to seek any information it requires, from any employee or contractor of the Society, to perform its duties. It can request the attendance of any employee at one of its meetings as and when required.

The Committee is authorised to obtain, in line with existing mandates, at the Society's expense, external legal or other professional advice on any matters within its terms of reference.

The Committee has the right to publish details of any issues that cannot be resolved between the Committee and the Board in the Society's annual report.

By Order of the Board
September 2026
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Contact us.

We’re here to help.

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We’re here

Monday - Friday 9.00am to 5.00pm

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