



Tower Limited

Audit Committee Charter

March 2024



Document Information

Policy Name	Audit Committee Charter
Policy Type	Board Policy
Policy Preparer	Corporate Governance Counsel
Policy Owner	Audit Committee Chair
Policy applies to	Audit Committee members
Version number	V1
Approver	Tower Limited Board
Date of approval	March 2024
Effective from	March 2024
Date of next review	March 2026
Policies replaced by this document	

Document History

Version	Date	Changes	Reason for change	Author	Date approved
V1	3/10/25	Included meta data information			



1. Background

- 1.1. The Board of Directors (the **Board**) of Tower Limited (**Tower**) has established the Audit Committee (the **Committee**) and delegated to it the responsibility to assist and advise it in relation to various matters related to fulfilling Tower's financial reporting requirements and controls.
- 1.2. The Committee is a sub-committee of the Board. The Committee has no decision-making powers except where expressly provided by the Board and is accountable to the Board for its performance.
- 1.3. Terms used in this Charter have the meaning given to them in the Charter of the Board of Directors unless the context indicates otherwise.

2. Constitution

- 2.1. Provisions of Tower's Constitution relating to meetings, proceedings and quorum of Directors shall, so far as not altered by this Charter, apply to the Committee.

3. Purpose

- 3.1. The purpose of the Committee is to:
 - a. assist the Board to discharge its responsibilities with respect to oversight of Tower's financial and operational control environment, by ensuring that processes are in place so that the Board is properly and regularly informed and updated on corporate financial matters;
 - b. to ensure the transparency and integrity of published financial information; and
 - c. maintain open lines of communication between the Board, the Company Actuary the Appointed Actuary and the internal audit function and the external auditors to enable the full and open exchange of views and information, as well as to confirm their respective roles, authorities and responsibilities.

4. Objectives

- 4.1. The objectives of the Committee are to:
 - a. ensure the effectiveness and quality of internal and external audits conducted by Tower's auditors, and the performance of the auditors;
 - b. ensure that the independence and ability of the internal and external auditors to carry out their statutory duties is not impaired;
 - c. assist the Board in its review of financial information, particularly as to accuracy and timeliness, prior to its presentation to regulators, investors and the wider public;
 - d. ensure the adequacy of surveillance measures within Tower in relation to:
 - i. internal controls;
 - ii. financial controls,
 - iii. reliability and integrity of systems; and
 - iv. fraudulent practices of any kind.
 - e. satisfy itself that Tower is conforming to appropriate audit practices; and

- f. review delegations from time to time and make recommendations to the Board in respect of those delegations.

5. Responsibilities

5.1. The Committee is responsible for:

- a. liaising with and responding to matters raised by both internal and external auditors. Contact with external auditors will generally be managed through the Chief Financial Officer or Chief Risk Officer, however the Chair of the Committee will also have a direct line of communication with both the Head of Internal Audit and the external auditor and will make contact as necessary or as he or she considers desirable in the discharge of his or her role. All material communications will be reported to the Committee;
- b. regularly (and at least annually) evaluating the overall effectiveness and quality of, and level of co-ordination between, internal and external audit;
- c. satisfying itself that management has not placed inappropriate restrictions on internal or external audit; and
- d. satisfying itself as to the independence of both internal and external audit functions on an annual basis.
- e. **Audits - Internal**
 - i. overseeing the internal audit framework, including the performance of the internal audit function, including and the delivery of internal audit services by outsourced providers, and recommending to the Board any changes that the Committee considers appropriate;
 - ii. Reviewing and recommending the internal audit plan and budget to the Board on an annual basis;
 - iii. reviewing and approving the Internal Audit Charter, every two years, or at any other interval it considers appropriate;
 - iv. receiving and reviewing reports from the Head of Internal Audit in respect of the internal audit plan, and monitoring management actions arising from those reports; and
 - v. ensuring the internal audit function is subjected to ongoing quality reviews pursuant to Institute of Internal Audit Standards at least once every five years, or at such other intervals as it considers appropriate.
- f. **Audits - External**
 - i. receiving and reviewing reports from Tower's external auditors, and monitoring actions arising from those reports;
 - ii. making recommendations to the Board as to the appointment or removal of external auditors, including ensuring that the external auditor or lead audit partner is changed at least every five years to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; and
 - iii. regularly (and at least annually) reviewing and recommending to the Board the approving the external audit scope, plans and fees.
- g. **Appointed Actuary**
 - i. reviewing and liaising with, and responding to matters raised by, the Appointed Actuary.

- h. **Capital Management**
 - i. recommending distributions of shareholders' equity.
- i. **IPSA**
 - i. reviewing and making recommendations to the Board in respect of the annual solvency returns;
 - ii. receiving and reviewing Financial Condition Reports, IPSA s78 reports and Insurance Liability Valuation Reports prepared by the Appointed Actuary; and
 - iii. advising the Risk Committee and/or Board as appropriate in respect of IPSA solvency issues relating to Tower.
- j. **Internal Controls**
 - i. monitoring the adequacy and effectiveness of Tower's internal control systems and processes (including reviewing reports from internal and external audit) in relation to internal financial controls, risks and exposures and compliance with Tower's plans, policies and procedures; and
 - ii. reviewing the appropriateness of delegations of authority every two years.
- k. **Financial Reporting**
 - i. ensuring processes are in place so that the Board is regularly informed about significant financial matters relating to Tower;
 - ii. reviewing Tower's draft half yearly and annual financial statements and reports, together with the external audit report and making recommendations to the Board (including advising the Board whether the financial statements comply with the appropriate laws and regulations); and
 - iii. reviewing adequacy of accounting policies and actuarial methodologies and reviewing and recommending to the Board all significant changes in accounting policy.
- l. **Climate-related Disclosures**
 - i. overseeing climate-related reporting including the adequacy and effectiveness of the systems of internal controls;
 - ii. satisfying itself that non-financial information used (or intended to be used) in climate related disclosures or other ESG reporting is reliable and fit for purpose.
 - iii. reviewing draft climate-related disclosures or other Environmental Social and Governance reporting as required and making recommendations to the Board;
 - iv. monitoring Tower's progress against sustainability targets.
- m. **Special Investigation**
 - i. identifying and recommending to the Board and/or Chief Executive Officer any special investigations deemed necessary to fulfil Committee functions, objectives, duties and responsibilities.
- n. **Other**
 - i. reviewing annually the resourcing of internal and external audit, compliance and risk planning, with the Chief Financial Officer and Chief Risk Officer;

- ii. monitoring and reporting to the Board on taxation risk management strategy and compliance matters; and
 - iii. reviewing any significant transactions that relate to Tower that are not a normal part of Tower's business.
- o. **General**
Consider and respond to any other matters:
 - i. relating to its purpose, objectives and responsibilities;
 - ii. referred to it by the Board;
 - iii. referred to it by the Chief Executive Officer, Chief Financial Officer or Head of Internal Audit;
 - iv. relating to emerging issues within Tower and the sector; and
 - v. relating to Tower's status as a licensed insurer and financial advice provider.

6. Membership

- 6.1. The Board will annually review and confirm the membership and chairmanship of the Committee, which shall be comprised of a minimum of three suitably qualified Non-Executive Directors, the majority of whom are independent.
- 6.2. At least one Committee member will have experience in financial reporting and audit.
- 6.3. The Committee Chair will be appointed by the Board and will be an independent Non-Executive Director.
- 6.4. The role of the Chair is to:
 - a. facilitate effective discussions and contributions by Directors at Committee meetings;
 - b. manage the conduct of Committee meetings (in consultation with the Chief Executive Officer and Company Secretary), including approving each meeting agenda, ensuring that adequate time is allowed for discussion of key agenda items; and
 - c. promote open, inclusive and constructive discussion and debate within the Committee, and with Management.

7. Meetings

- 7.1. The Committee shall meet at least four times a year and may meet at any other time on the request of any Committee member or the CEO.
- 7.2. Any Non-Executive Director of the Board may attend a meeting by invitation of the Committee Chair (on a non-remunerated basis).
- 7.3. Management may attend meetings by invitation only, noting that the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, General Counsel/Company Secretary and (in part) Head of Internal Audit have a standing invitation to meetings of the Committee.

- 7.4. Reasonable notice of meetings and the business to be conducted will be given to members. Meeting materials should be provided to the Committee one week prior to the meeting.
- 7.5. Each member of the Audit Committee has rights of access to executives, as well as Internal Audit and External Audit without management present and has the right to seek explanations and additional information from both management and auditors.
- 7.6. The quorum for any Committee meeting is a majority of Committee Members.
- 7.7. A resolution of the Committee is passed if a majority of the votes cast are in favour of it. The Chair does not have a casting vote.
- 7.8. An appropriately qualified and experienced person will act as Secretary to the Committee. The Secretary is responsible for circulating the meeting agenda and supporting material to all Committee members and any other person advised by the Chair. The Secretary will also prepare the minutes of each meeting. The minutes of all Committee meetings will be circulated by the Secretary to Non-Executive Directors of the Board.

8. General Scope and Authority

- 8.1. The Committee will not take actions nor make decisions on behalf of the Board and will have no powers with regard to its findings and recommendations, except where expressly authorised by the Board.
- 8.2. The Committee may:
 - a. take such independent professional advice as it considers necessary; and
 - b. arrange for external third parties with relevant experience and expertise to attend meetings,at the expense of Tower, as it considers necessary.

9. Confidentiality

- 9.1. All proceedings of the Committee, including papers submitted and presentations made to the Committee, shall be kept confidential and shall not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

10. Reporting

- 10.1. The Chair of the Committee will report material findings and recommendations to the Board after each Committee meeting.
- 10.2. The Chair of the Committee will submit an annual report to the Board summarising the Committee's activities, findings and recommendations for the past year.

11. Independent Professional Advice

11.1. A Director may obtain independent professional advice relating to the affairs of Tower or the discharge of his/her responsibilities as a Director or Committee Member. Directors will inform the relevant Board Chair when they obtain independent professional advice. Tower will meet the reasonable costs of such advice.

12. Review

12.1. The Committee will formally review this Charter every two years or at any other interval that the Committee considers appropriate and either:

- a. confirm to the Board its appropriateness; and
- b. recommend changes to the Board for approval.

12.2. The Board may update or amend the Charter outside of this cycle at any time it considers necessary.