

## **Audit Committee Complaint Policy and Procedures**

### **Summary**

This policy outlines the procedures that the Audit Committee of the Board of Directors of SFM Mutual Insurance Company (together with its subsidiaries, the “Company”) has established with respect to the receipt, treatment and retention of complaints received by the Company regarding accounting and actuarial practices, internal accounting controls, or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters (collectively, “Complaints”).

### **Policy**

The Audit Committee of the Board of Directors of SFM Mutual Insurance Company (the “Company”) hereby establishes the following procedures for:

- A. The identification, treatment, and retention of complaints received by the Company pertaining to accounting and actuarial practices, internal accounting controls, or auditing matters; and
- B. The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing practices and activities.

### **Procedures for Submitting Complaints**

Any employee, officer, director, policyholder or other interested party (a “Reporting Individual”) who has a complaint or concern regarding any accounting or actuarial issues or practices, internal accounting controls, or auditing matters relating to the Company (a “Complaint”) may confidentially or anonymously report such Complaint directly to the Audit Committee Chairperson through the SFM Code of Conduct Hotline, the Company’s web- and telephone-based ethics reporting system provided by NAVEX [EthicsPoint](#).

Audit Committee Complaints will be directed by [EthicsPoint](#) to the Audit Committee Chairperson, Board Chairperson, and the Company’s Internal Auditor for further handling. If the Internal Auditor is implicated by the Complaint, only the Audit Committee Chairperson and Board Chairperson will receive the Complaint.

### **Procedures for Handling Complaints**

The Chairperson of the Audit Committee or his/her designee (who must be a member of the Audit Committee) will evaluate each Complaint received by the Audit Committee within twenty (20) business days of receipt. The Chairperson or his/her designee will make a determination as to whether the Complaint (i) requires immediate investigation, (ii) can be discussed at the next regularly scheduled meeting of the Audit Committee, or (iii) does not involve the Company’s accounting or actuarial practices, internal accounting controls, or auditing matters and should be reviewed by a party other than the Audit Committee.

In any event, each Complaint involving the Company’s accounting, internal accounting controls, or auditing practices will be discussed at a meeting of the Audit Committee (which may be via the telephone)

at which meeting the Audit Committee may elect to investigate the Complaint in one of the following ways or in another agreed upon manner:

- A. The Audit Committee may choose to investigate the Complaint on its own with the assistance of counsel;
- B. The Audit Committee may retain an independent third party to investigate the Complaint; or
- C. The Audit Committee may select a responsible designee within the Company to investigate the Complaint, provided that the identity of the Reporting Individual shall not be disclosed to such designee. Under no circumstances may a party who has direct supervisory control over, or who may be responsible for, the alleged action(s) giving rise to the Complaint be charged with its investigation.

The designated investigating party may act on behalf of the Audit Committee in its investigation and will be permitted reasonable access to the Company, its employees, records, documents, and computer systems for the purpose of conducting the investigation. At the conclusion of the investigation, which shall be completed no more than ninety (90) days after referral of the Complaint (absent good cause warranting an extension), the investigating party will be responsible for making a full report to the Audit Committee with respect to the allegations made in the Complaint, including recommending corrective action, if any, to be taken by the Company.

The Audit Committee will then report its findings and recommendations with respect to the Complaint to the full Board of Directors at the Board's next regularly scheduled meeting. The Company may discipline not only those employees who played a role in any improper conduct but also those who should have detected the improper conduct but did not. At no time, however, will there be any retaliation by the Company against the Reporting Individual for making a good faith Complaint, consistent with the Company's Code of Business Ethics and Conduct.

Under certain circumstances, the matter which forms the basis of a Complaint may be required to be reported to a federal or state governmental/regulatory authority or disclosed to policyholders or to the public. In such cases, the identity of the Reporting Individual will not be disclosed absent his/her consent, unless such disclosure is required by law.

#### **Retention of Complaints**

The Company's Internal Auditor will be responsible for ensuring that all Complaints received by the Audit Committee, together with any documents related to the Audit Committee's investigation of and actions with respect to the Complaint, are retained for at least five (5) years.

#### **Posting of Procedures**

The Audit Committee Complaint Policy and Procedures will be conspicuously posted on the Company's internal and external websites.