

Office of the
Internal Auditor

Engagement Report

April 2026

Ethics Program



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Background

While part of the highly regulated insurance industry, Citizens, as a state entity, operates in a unique regulatory and ethical environment, further governed by specific Florida laws. This regulatory framework demands the highest standards of ethical conduct at every level of the organization.

Corporate ethics programs are critical for an organization and are designed to ensure compliance, reduce legal risks, protect its reputation, and foster a positive, productive work culture. These programs have a direct impact on the organization's culture, workforce, and business performance by establishing clear behavioral standards, preventing misconduct, and improving employee engagement.

Objectives and Scope

Management requested that Internal Audit assess Citizens' corporate ethics program. Through this engagement, Internal Audit evaluated the program to ensure it aligned with regulatory requirements and leading guidance and practices. The scope included the following areas:

- Review and gap analysis of Citizens' code of conduct and ethics-related governance documents, policies and procedures.
- Evaluation of current components of the ethics program, including education and training, advisory opinions and annual attestation.
- Recommendations for any enhancements to the program, including frameworks and corporate ethical culture.

Results

Internal Audit's assessment identified strengths in the program that reflect the organization's commitment to an ethical culture and provide the foundation for further development and/or enhancement. The favorable practices include the following:

- The ethics program is supported by several governing documents and corporate policies, including the Code of Ethics, the Code of Conduct, and the Conflict-of-Interest corporate policy, among others.
- The ethics function has dedicated oversight through the Ethics Officer with defined roles and responsibilities.
- The program includes an annual attestation of no-conflict-of-interest that employees must complete pursuant to Florida statutes and corporate policy.
- Investigative responsibility is conferred to the Office of the Inspector General, with various reporting mechanisms available for employees.

Opportunities for Improvement

Internal Audit encourages management to review and consider the following improvement opportunities to further strengthen the Ethics program:

- **Governing Documents, Policies and Online Modules** – Internal Audit's assessment noted that some governing documents are outdated, and some linked and standalone versions of corporate policies are not in sync.



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For example, the Employee Handbook contains outdated references to ELT members and corporate policies. Also, the online links to corporate policies 101 and 103 contained in the Code of Ethics are current, while the standalone documents are previous versions of those policies. We also noted that the link to the Code of Ethics provided in the 2025 Annual Attestation module points to the 2015 revision of the policy, not the current version.

Management should ensure that governing documents and policies are regularly updated and that all linked and standalone versions are current to avoid potential confusion or misinterpretation.

- **Ethics Framework** – The Ethics Officer is in the process of developing a framework for the ethics function. A corporate ethics framework should structure governance, principles, guidelines and responsibilities for the function. The framework should include elements such as policies and procedures, tone at the top, reporting, enforcement, education & training and communication. We have provided a suggested structure for management’s consideration in developing the framework.
- **Education and Training** – The current program relies primarily on an annual attestation that all Citizens employees are required to complete. The module takes around 10 minutes to complete. Management should consider additional ethics training through targeted micro-learning (10 – 15 minutes) or core training (30 – 60 minutes) sessions to further foster ethical culture and employee engagement.

Also, the Ethics Officer would benefit from ethics-related training and certifications to foster an ethical culture and organizational integrity.

- **Function Positioning** – The Ethics Officer is currently positioned within Corporate Legal and reports to the Deputy General Counsel, Corporate Legal. This structure may be appropriate for Citizens’ size and operating model, provided the role has sufficient independence, visibility, access, and authority to function effectively. Rather than changing the administrative reporting line, Citizens should consider formalizing the Ethics Officer’s functional access to the CEO and the Board of Governors Audit Committee, including clear escalation authority for significant ethics matters outside the normal management chain when needed. This should be supported by documented authority, direct access protocols, periodic executive sessions with the Audit Committee chair, and regular review of the function’s resources, responsibilities, and independence. This approach strengthens transparency and authority while recognizing Citizens’ governance structure and the distinct roles of management, Internal Audit, the Inspector General, Legal, and other oversight functions.
- **Annual Attestation** – Pursuant to law and corporate policies, employees are required to annually attest that they do not have a conflict of interest. The attestation process is managed through an online module administered by the Learning & Development unit of Human Resources, with reports provided to the Ethics Officer at the 30-day mark and at the established due date. Our review showed that at least 8 individuals did not complete the 2025 annual attestation. Management should enforce this requirement, ensuring that all employees complete the attestation to avoid potential misconduct and maintain appropriate records and metrics on completion and enforcement.



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Conclusion

Based on Internal Audit's review, there is a meaningful foundation for the corporate ethics program and a genuine commitment to ethical conduct and to identifying potential gaps. The suggested improvement opportunities would enhance the program's governance, oversight and accountability. These suggestions have been shared with management for their consideration.

We would like to thank management and staff for their cooperation and professional courtesy throughout this engagement.



Distribution

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The Honorable James Uthmeier, Attorney General
The Honorable Wilton Simpson, Commissioner of Agriculture
The Honorable Ben Albritton, President of the Senate
The Honorable Daniel Perez, Speaker of the House of Representatives

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