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Audit and Risk
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Group Internal Audit Charter

Purpose of document	To outline of the role of GIA within the business and how it will conduct its operation
Obligations on Board	To sign off annually via the Benefact Group Audit and Risk Committee
Audience	All Staff

Document Control

Document History

Date	Version	Key Changes	Distributed To
25/11/2014	V1.0	First draft	BG ARC
24/11/2015	V1.0	No Changes – annual sign-off by BG ARC	BG ARC
16/11/2016	V2.0	Section 2 - (Amendment) Outsource of IA function in Canada as opposed to in-house resource Section 6 – (New) Secure specialist external support from appropriately qualified third-party suppliers necessary for the professional delivery of internal audit services, subject to the performance of appropriate legal and due diligence reviews	BG ARC
21/11/2017	V3.0	Section 1 – (Amendment) Purpose updated to reflect the wording from the updated FS Code Section 2 – (Addition) Provision of internal audit services to MIC and BIC Section 4 – (Addition) Referenced the QAIP Section 5 – (Amendment) Clarification of the escalation protocol in the event of GIA being refused access to information Section 7 – (Amendment) Clarified the role of Chairperson when GIA requests sensitive information; and (Amendment) Role of Director of GIA beyond internal audit activity Section 8 – (Addition) New section added regarding regulatory responsibilities Section 9 – (Amendment) Recognising mandatory guidance and where the annual self-assessment identifies areas of non-compliance	BG ARC
20/11/2018	V4.0	Amendment to reflect change in reporting line	BG ARC
19/11/2019	V5.0	Amendments to reflect change in title	BG ARC
17/11/2020	V5.1	Amendments to reflect overseas partners	BG ARC
23/11/2021	V5.2	Amendments following internal QAIP review	BG ARC
22/11/2022	V6.0	Updates to expand on the ways in which GIA provides assurance	BG ARC
21/11/23	V 7.0	Update to cover responsibilities under Consumer Duty	BG ARC

Date	Version	Key Changes	Distributed To
25/11/24	V8.0	Update to reflect IIA new model Charter and changes to governance framework	BG ARC

Document Sign-Off

Authorised by	Department	Version Signed-Off	Sign-Off Date
Group Audit Committee	GIA	V1.0	25/11/2014
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1 Purpose

The purpose of Group Internal Audit (GIA) is to strengthen the Benefact Group's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

GIA enhances the Group's successful achievement of its objectives, governance, risk management, and control processes, decision-making and oversight, reputation and credibility with its stakeholders, and ability to serve the public interest.

The Group's internal audit function is most effective when: internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors' (IIA's) Global Internal Audit Standards, which are set in the public interest; GIA is independently positioned with direct accountability to the Benefact Group Audit and Risk Committee which is a committee of the Board of the Benefact Group; and internal auditors are free from undue influence and committed to making objective assessments.

Adequate and effective risk management, internal control, and governance processes reduce, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances. Adequate and effective risk management, internal control, and governance processes therefore provide reasonable, but not absolute, assurance that the Group will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business.

2 Mandate

Authority

GIA receives its authority from the Benefact Group Audit and Risk Committee (BG ARC), which is a committee of the Board of the Benefact Group (the Board) established to, amongst other things; review the work of the internal auditors of the Benefact Group and its subsidiaries (the Group) and to evaluate the adequacy and effectiveness of the Group's financial, operating, compliance, and risk management controls. The BG ARC grants GIA the mandate to provide the Board and senior management with objective assurance, advice, insight, and foresight. GIA's authority is created by its direct reporting relationship to the BG ARC.

The BG ARC authorises GIA to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Subject to the confidentiality of information, access may be restricted to the Group Chief Internal Auditor (GCIA) (or the Chairperson of the BG ARC in the event that information relates directly to the GCIA or the GIA function). Internal auditors are accountable for confidentiality and safeguarding records and information
- Have access to the BG ARC and attend and participate in the audit committee meetings of all business entities within the Group
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives
- Obtain assistance from the necessary personnel of the Group and other specialised services from within or outside the Group to complete internal audit services

Independence, Organisational Position, and Reporting Relationships

The GCIA will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of GIA. The GCIA will report functionally to the BG ARC Chair and administratively (for example, day-to-day operations) to the Group CEO and has access to the Chairman of the Board. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters independently to the Board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

Financial independence, essential to the effectiveness of internal auditing, is provided by the BG ARC approving a budget to allow GIA to meet the requirements of this Charter. GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation and shall be able to conduct an assignment on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the activities of branches and subsidiaries and outsourced activities.

The GCIA will confirm to the BG ARC, at least annually, the organisational independence of GIA. If the governance structure does not support organisational independence, the GCIA will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The GCIA will disclose to the BG ARC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on GIA's effectiveness and ability to fulfill its mandate.

Where it is identified by data owners that information should be redacted before being provided to members of the GIA team, the redacted information will be reviewed by the GCIA to ensure that the redaction is appropriate and does not constitute a restriction of scope. In the event that the redacted data relates directly to the GCIA, or the GIA team, the Chair of the BG ARC will review the redactions and confirm (or otherwise) to the GCIA whether the redactions are appropriate.

The GCIA and staff of GIA are not authorised to:

- Perform any operational duties for the Group
- Direct the activities of any organisation employee not employed by GIA, except to the extent such employees have been appropriately assigned to GIA or to otherwise assist the internal auditors

Persons transferred to, or temporarily engaged by, GIA should not be assigned to audit those activities they previously performed until a reasonable period of time (at least one year) has elapsed.

However, it is recognised that the internal audit function may be asked to undertake additional roles and responsibilities outside of internal auditing (for example compliance, risk management, independent investigations). These roles and responsibilities may impair, or appear to impair, the independence of the audit function, audit activity or objectivity of the individual auditor. Safeguards to the impairment of independence and objectivity include oversight by the BG ARC and Board, periodic evaluation of the reporting lines, responsibilities and obtaining additional sources of assurance in the area of additional responsibility.

When operational activities are assigned to GIA, these activities must be reported to the next meeting of the BG ARC. Special attention must be given to ensure objectivity when a subsequent audit is undertaken in the operating area. Objectivity is presumed to be impaired when internal auditors audit any activity for which they had authority or responsibility within the past 12 months.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the GCIA, BG ARC, and senior management on the internal audit mandate or other aspects of the internal audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards
- A significant acquisition or reorganisation within the organisation
- Significant changes in the GCIA, BG ARC, and/or senior management
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates
- New laws or regulations that may affect the nature and/or scope of internal audit services

3 Group Chief Internal Auditor Roles and Responsibilities

Ethics and Professionalism

The GCIA will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations
- Encourage and promote an ethics-based culture in the organisation
- Report to BG ARC and appropriate parties such as legal counsel organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures

Objectivity

The GCIA will ensure that GIA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the GCIA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year
- Performing operational duties for the Group or its affiliates
- Initiating or approving transactions external to GIA
- Directing the activities of any Group employee that is not employed by GIA, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties at least annually, such as the BG ARC, the Board, management, or others
- Exhibit professional objectivity in gathering, evaluating, and communicating information
- Make balanced assessments of all available and relevant facts and circumstances
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence

Managing the Group Internal Audit Function

The GCIA has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the BG ARC and senior management
- Discuss the plan with the BG ARC and senior management and submit the plan to the BG ARC for review and approval
- Allocate audit resources in accordance with the Group's risk profile and ensure the effective and efficient use of these resources in accordance with approved budgets
- Communicate the impact of resource limitations on the internal audit plan to the BG ARC and senior management
- Review and adjust the internal audit plan, as necessary, in response to changes in the Group's business, risks, operations, programmes, systems, and controls
- Communicate with the BG ARC and senior management if there are significant interim changes to the internal audit plan
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards
- Follow up on engagement findings and confirm the implementation of agreed actions
- Communicate the results of internal audit services to the BG ARC and senior management four times a year, and for each engagement as appropriate
- Ensure GIA collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate
- Secure specialist external support from appropriately qualified third-party suppliers necessary for the professional delivery of internal audit services, subject to the performance of appropriate legal and due diligence reviews
- Identify and consider trends and emerging issues that could impact the Group and communicate to the BG ARC and senior management as appropriate
- Consider emerging trends and successful practices in internal auditing
- Establish and ensure adherence to methodologies designed to guide GIA
- Ensure adherence to the Group's relevant policies and procedures unless such policies and procedures conflict with the internal audit Charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the BG ARC and senior management
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services including with a view to eliminating any duplication of effort to optimise the cost of coverage to the Group. If the Group Chief Internal Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the BG ARC
- In line with Consumer Duty regulations, consider on all audits whether there is a customer impact and how this might affect the audit testing strategy

Communication with the BG ARC and Senior Management

The GCIA will report at least annually to the BG ARC and senior management regarding:

- GIA's mandate
- The internal audit plan and performance relative to its plan and measurable performance objectives
- The internal audit budget
- Significant revisions to the internal audit plan and budget
- Potential impairments to independence, including relevant disclosures as applicable
- Results from the quality assurance and improvement programme, which includes GIA's conformance with the IIA's Global Internal Audit Standards and action plans to address any identified deficiencies and opportunities for improvement
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the BG ARC
- Results of assurance and advisory services
- Resource requirements
- Management's responses to risk that GIA determines may be unacceptable or acceptance of a risk that is beyond the Group's risk appetite

Quality Assurance and Improvement Programme

The GCIA will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of GIA. The programme will include external and internal assessments of GIA's conformance with the Global Internal Audit Standards, as well as performance measurement to assess GIA's progress toward the achievement of its objectives and promotion of continuous improvement. The programme will also assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address GIA's deficiencies and opportunities for improvement.

Annually, the GCIA will communicate with the BG ARC and senior management about GIA's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Group; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

4 Scopes and Types of Internal Audit Services

GIA's group remit includes oversight of the outsourced internal audit provision for Ansvar Australia. All other parts of the Group including the Specialist Insurance, Investment Management and Broking and Advisory divisions together with Shared Services, as set out in GIA's audit universe, fall within the remit of the UK based GIA function.

GIA also provides Methodist and Baptist Insurance Companies internal audit services in respect of the controls operated on their behalf by Ecclesiastical Insurance Office under the terms of Joint Administration Agreements.

The scope of internal audit services covers all of the Group's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the BG ARC and management on the adequacy and effectiveness of governance, risk management, and control processes for the Group.

The nature and scope of advisory services may be agreed with the party requesting the service, provided GIA does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Group's strategic objectives are appropriately identified and managed
- The actions of the Group's officers, directors, management, employees, and contractors or other relevant parties comply with the Group's policies, procedures, and applicable laws, regulations, and governance standards
- The results of operations and programmes are consistent with established goals and objectives
- Operations and programmes are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Group
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately

Internal audit activity will consider the following "special points" on each engagement:

- Consumer Duty – regulations require customer outcomes to be a key lens for internal audit
- Environmental, Social and Governance – the Group strives to be the most trusted and ethical specialist financial services Group
- Data analytics – if needed, discussion will be held with the relevant Data Owners and Stewards

GIA operates within the Group's Risk Management Framework based on the three lines model. In order to operate an effective framework GIA maintains regular and ongoing dialogue with the first and second line to maintain a current and timely perspective of business direction and issues.

- The first line lies with the functions that own and manage the risks
- The second line rests with the functions that oversee risk
- The third line provides independent assurance to the Group's Board of Directors and senior management of the effectiveness of the Group's assessment and management of risk exposure

Demarcation between the third line and the first two lines must be preserved to enable GIA to provide an independent overview to BG ARC and the Board on the effectiveness of all risk management and assurance processes in the organisation. Should any blurring of the roles of the three lines take place, it should be exceptional, and approved by the BG ARC.

GIA provides independence assurance in three principal ways:

- Internal Audit Plan

Through delivery of a flexible annual risk-based Internal Audit Plan, designed to provide the Board with assurance over the adequacy and effectiveness of controls and minimise the impact of the most significant risks faced by the Group. Specifically, the plan is developed by:

- Considering the key risk exposures facing the Group and its business units. GIA has adopted the Risk Taxonomy created by Group Risk
- Refining the Group Internal Audit Universe, i.e. the full population of all potential audit subjects regardless of the level of inherent risk
- Analysing initiatives that are strategically important for the Group
- Considering industry and regulatory developments
- Considering the views of senior management

Data analytics is used where relevant to extend the assurance provided.

The plan is benchmarked with external partners and contains audits that are in line with other insurance and financial services audit functions, however it is a bespoke Group audit plan.

- Close and continuous monitoring
 - Close and continuous activity enables GIA to monitor areas of the business which are undergoing change, including key programmes and projects
 - GIA holds regular meetings with key stakeholders and attends decision making forums as appropriate. An ongoing assessment of key documents is made as these are produced. Any concerns are raised with management at an early stage to allow these to be addressed in a timely manner
- Stakeholder Engagement
 - GIA meets regularly with a wide range of stakeholders across the business, over and above meetings held relating directly to planned work or close and continuous activity. Updates are shared across the team and where relevant with the first and second line ensuring the Internal Audit Plan can be flexed on a timely basis to take into account new or emerging risks and is aligned to the needs and strategic objectives of the Group

5 Regulatory responsibilities

Primary responsibility for timely communication of significant developments affecting the Group's business to regulators (other than matters relating to developments in the GIA function) rests with the relevant members of the Group Management Board and the Group Board.

In normal circumstances, the only matters in respect of which the GCIA would initiate communication to regulators are matters relating to developments in GIA. In addition, GIA will provide information specifically requested by regulators.

In exceptional circumstances, the GCIA (only) may come to a view that a significant matter affecting the Group's business has not been communicated to the regulator on a complete, accurate and timely basis. In these circumstances the GCIA will discuss this view with the Group CEO, Group Chief Risk Officer, Group Compliance Director and Chair of the BG ARC with a view to agreeing a reasonable timeframe within which the matter will be communicated to the regulator in an appropriate manner. If the matter has not been communicated to the regulator in an appropriate manner within the agreed timeframe, then the GCIA will be obliged to initiate or authorise communication of the matter to the regulator.

6 Commitment to adhering to the Global Internal Audit Standards

The Group's internal audit function will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The GCIA will report annually to the BG ARC and senior management regarding GIA's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

GIA will also comply with the current version of the IIA's Guidance on Effective Internal Audit in the Financial Services Sector.