



AUDIT CHARTER

1. Role and Purpose

The Group Internal Audit function (GIA) is established by the Board of Directors and the responsibilities are defined by the Board as part of its oversight role. GIA is an independent and objective assurance function that is guided by a philosophy of adding value to improve the efficiency and effectiveness of the operations of the Vitality Group.

GIA's primary purpose is to assist the Board of Directors, Audit Committee and Executive Management in protecting the assets, reputation, and sustainability of the organisation. This is achieved through delivering a systematic, disciplined approach to evaluating and improving the effectiveness of the Group's governance, risk management and internal controls.

2. Authority

GIA receives its mandate and derives its powers from the Board. It is authorised to review all areas of the Group's activities and has full and unrestricted access to all the Group's records, physical properties, and personnel, including the Board, Committees and Executive Management.

GIA will maintain strict confidentiality and safeguard all records and information appropriately.

3. Scope and Responsibility

The scope of GIA is unrestricted. It includes but is not limited to the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal control processes in relation to the Group's strategy, goals, and objectives.

This will include evaluating:

- All processes ('audit universe') of the Group including governance and risk management processes.
- Reliability and integrity of management and financial information processes.
- Consistency of operations with established objectives and goals and their effective performance.
- Effectiveness and efficiency of operations.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Key strategic projects and initiatives.
- Safeguarding of assets.



GIA will either be represented on, or have full access to, the minutes and presentations of all the company boards and committees. GIA has a standing invitation to attend meetings of the executive committee and other committees made up of most senior executives.

GIA may perform advisory work, but this is expected to be a small proportion of the overall workload and only if there is no possibility that GIA's independence and objectivity may be jeopardised in future audits. It may also undertake specific ad hoc audits at the request of the Board or Management.

GIA will provide the Audit Committee with an objective assessment of the control environment through its regular reporting on audit findings, management's progress on remediation and progress against the Audit Plan.

At least annually, the CIA will supply a written assessment of the effectiveness of the system of internal controls and risk management to the Audit Committee, this will include an analysis of themes and trends and their impact on the Group's risk profile.

At least annually, GIA will conduct a documented review of the key financial and financial reporting controls in identified financial systems and processes and provide a written assessment to the Audit Committee. In addition, it will also support the validation of certain statements contained within the Financial Report and Accounts.

GIA will also consider those specific scope areas which are recommended in the Internal Audit Financial Services Code (2021) i.e., capital and liquidity risks, key corporate events, and Board management information.

GIA is not responsible for anti-fraud management but where appropriate will liaise with the relevant Group fraud and investigations teams to share information, audit techniques and findings.

4. Structure and Reporting Lines

The Audit Committee has appointed the Chief Internal Auditor (CIA) responsible for all GIA activity for Discovery Health Europe Limited (DHEL), associated and subsidiary companies in the United Kingdom, and those joint ventures/partnerships where the Group has management control.

The CIA's primary reporting line is to the Chair of the Audit Committee. The CIA has a secondary dotted reporting line to the Vitality Group Chief Executive Officer.

The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Internal Auditor.



5. Standards of Audit Practice

GIA has a commitment to keep up to date with best practice developments and to implement these within Vitality as appropriate.

GIA aims to meet both mandatory professional requirements and those accepted as best practice. These include the Chartered Institute of Internal Auditors (CIIA):

- Definition of Internal Auditing.
- The Code of Ethics.
- International Standards for the Professional Practice of Internal Auditing.
- The CIIA revised guidance, 'Internal Audit Financial Services Code' (2021).
- The CIIA guidance, 'Internal Audit Code of Practice: Guidance on Effective Internal Audit in the Private and Third Sectors' (2020).
- Relevant professional Practice Advisories, Practice Guides, and position papers will be adhered to, as applicable.

6. Independence and Objectivity

To ensure the independence of the department all GIA personnel and external providers report ultimately to the CIA whose primary reporting line is to the Audit Committee Chair, with a secondary dotted reporting line to the Vitality Group Chief Executive Officer as per section 4.

The CIA will report regularly on personnel issues to the Audit Committee.

The CIA will recommend, and the Audit Committee will consider for approval, all decisions regarding the adequacy of the Group Internal Audit budget and resources.

GIA is independent of the Risk, Compliance and Finance functions.

The Group Internal Audit activity will remain free from interference in matters of audit selection; scope; procedures; frequency; timing, and report content to enable the necessary degree of independence.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. GIA will not implement internal controls, develop procedures, prepare records, or engage in any similar activity that may impact on their judgment, independence, or objectivity.

Auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined; further they will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.



New staff who have transferred internally from another area of the business will not conduct an audit in their previous functional area for at least 12 months.

The CIA will set out how it aims to maintain organisational independence to the Audit Committee, at least annually.

7. Internal Audit Plan

In accordance with best practice, a prioritised Annual Audit Plan will be developed, using a risk-based methodology. This will include input from senior management and other key stakeholders. As a minimum this will adopt a “bottom up” and “risk down” approach and will align the most significant risks of the business to the Audit Plan.

Planning input from other assurance providers: Risk Management; Compliance and External Audit will be considered.

Prior to submission to the Audit Committee for approval, the plan will be discussed with the appropriate senior management.

The plan will include timings as well as budget and resource requirements. The CIA will highlight any impact of resource limitations (staff, budget, and timing).

The plan will be kept under regular review to ensure it continues to address the significant operations, processes, and risks of the organisation.

Any significant deviation from the approved internal audit plan will be communicated to senior management and the Audit Committee.

8. Combined Assurance

When determining the level of coverage in any business area GIA will consider the work of other assurance functions within the organisation (Risk and Compliance) as well as requirements from external bodies such as the external auditors and regulators.

The CIA is responsible for determining what level of reliance can be placed on the work of other assurance functions.

9. Quality Assurance

The Chief Internal Auditor is responsible for periodically providing a self-assessment on the internal audit activity in relation to its consistency with this Charter and performance relative to its plan.



Results will be reported annually to the Audit Committee, in addition to confirmation of GIA's conformance with the Audit Charter.

At least once every 5 years professional standards within GIA will be evaluated by an independent party to assess quality.

The Audit Committee is responsible for evaluating the performance of GIA at least annually. This assessment will include but is not limited to:

- Conformance with the professional and operational standards.
- Adequacy of the internal audit activity's charter, goals, objectives, policies, and procedures.
- Contribution to the organisation's governance, risk management, and control processes.
- Effectiveness of continuous improvement activities and adoption of best practices.

In addition, Discovery Group have the right to conduct Quality Assessments on the GIA function as part of their respective quality assurance processes.

10. Audit Reporting

GIA will provide clear and concise reports to line management of the audited business units, as well as to the Group's Executive Members and the Audit Committee. On a regular basis, GIA will report to the Audit Committee any failure by management to take remedial action. Furthermore, GIA will provide a formal status report to the Audit Committee regarding its performance in terms of the approved audit plan.

GIA will at least address the following in its reporting to the Board of Directors or the Audit Committee:

- The function's annual or other periodic risk-based audit plan, detailing the proposed areas of audit focus, and any significant modifications to the audit plan.
- Any factors that may adversely affect the internal audit function's independence, objectivity, or effectiveness.
- Material findings from audits or reviews conducted.
- The extent of senior management's compliance with agreed corrective or risk-mitigating measures in response to identified control deficiencies, system weaknesses, or compliance violations.

GIA will provide an annual Internal and External Audit Co-Operation and Co-Ordination report to the Audit Committee, which will provide details regarding the co-ordination of activities with other internal and external providers of assurance and consulting services.



11. External Service Providers

In cases where GIA staff members lack the knowledge, skills or other competencies needed to perform all or part of the engagement, the CIA will obtain competent external advice or assistance.

The CIA must consider the competence, independence, and objectivity of the external service provider as it relates to the assignment to be performed. The CIA is responsible for decisions regarding the possible 'outsourcing' or 'co-sourcing' of capacity, with the final approval by the Audit Committee.

12. Periodic Assessment of the Charter

This Internal Audit Charter will be reviewed annually, and any changes must be reviewed and approved by the Audit Committee.

Version Control

Version	Date	Change made
1	April 2019	Review and approval of document by the Audit Committee
2	April 2020	Review and approval of document by the Audit Committee
3	October 2020	Branding updated
4	April 2021	Review and approval of document by the Audit Committee
5	April 2022	Review and approval of updated document by the Audit Committee
6	March 2023	Review and approval of document by the Audit Committee