



Just Group Internal Audit Charter

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Owner	Director of Group Internal Audit
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Proprietary statement

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Purpose

The purpose of the Group Internal Audit's (GIA) function is to strengthen Just'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 is an independent, objective assurance and advisory activity designed to add value and improve the organisation's operations. In delivering against this purpose they will improve the probability that the organisation will achieve its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

GIA has responsibility for providing Internal Audit Services to Just UK and South Africa.

Role and Mandate

The primary role of Internal Audit is to help the Board and Executive Management protect the assets, reputation and sustainability of the Just Group. It does this by assessing and challenging whether the control frameworks implemented to manage the significant risks of the business are identified, evaluated and appropriately reported by Management to the Board and Executive Management. Internal Audit activity and responsibilities are defined and established by the Board of Directors and the Audit Committee as part of their oversight role.

In line with the Prudential Regulation Authority rulebook, an Insurer is required to have an effective Internal Audit function to evaluate the effectiveness of the internal control system and governance, be objective and independent from the operational functions, and report findings and recommendations to the Board.

Just's Audit Committee (AC) grants the Internal Audit function the mandate to provide the AC and senior management with objective assurance, advice, insight, and foresight. The AC authorise the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish GIA objectives.
- Obtain assistance from Just employees or external specialists to complete internal audit services.

The AC is responsible for overseeing Just's Internal Audit function, ensuring it is established, maintained, and has sufficient authority to fulfil its duties as outlined in the AC Terms of Reference.

This charter provides a framework to adhere to these requirements with additional processes, procedures, governance and ethics that support the delivery of a robust and compliant Internal audit function. The charter is subject to formal review and approval by the Group AC at least annually, and in accordance with the Global Internal Audit Standards and Chartered Institute of Internal Auditors (CIIA) Code of Practice.

Scope and Planning

GIA scope is unrestricted and there are no aspects of the organisation which GIA is prohibited from looking at. Key business risk areas and industry themes, identified both internally and externally, will be prioritised to be considered for more extensive coverage, regular ongoing review and opinion formation.

Audit Plans are produced incorporating the CIIA Code of Practice, critical scope areas, including areas prioritised by the regulator, and have the flexibility to deal with unplanned events to allow GIA to prioritise emerging assurance needs. Changes to the audit plan are considered through GIA's ongoing assessment of risks and controls. GIA plans, and material changes to plans, are approved by the AC.

In setting its plans, GIA takes into account business strategy, risk and control culture, and forms an independent view of whether the key risks to the organisation have been identified, including emerging and systemic risks. GIA's independent view is informed, but not determined, by the views of Management, Risk Management and 3rd party expertise. In deciding where to carry out more detailed work, GIA focuses on those areas that it considered to be higher risk and therefore does not cover all areas every year.

Assurance

The role of GIA in its assurance remit is to understand the key risk areas of the Just Group including each entity within the Group and then to examine and evaluate the adequacy of the design, implementation and operational effectiveness of the systems of internal control operated by the business to mitigate these risks.

GIA will provide an independent appraisal over the activities of the Just Group. At least annually, a risk-based Internal Audit plan that considers the input of the AC and senior management will be developed, and submitted for review and approval by the AC. The Internal Audit Plan will be reviewed and updated as necessary in response to changes in Just's business, risks, operations, systems and controls to ensure it remains appropriate; any material changes to the plan will be agreed with the AC.

Through its assurance work GIA will support sustainable growth and development of Just through effective and efficient monitoring and assessment of the strategic, operational, financial and regulatory internal controls, with the aim to add value, provide insight and foresight and to improve the operational efficiencies, governance processes and sustainability of internal control systems.

The plans for GIA's assurance activities are shared with the Group Executive Committee but defined and approved by the Audit Committee. The Audit Committee has the further and more specific responsibility for monitoring and reviewing the effectiveness of GIA's activities, resources and structure.

GIA will follow up on engagement findings and confirm the implementation of recommendations or action plans.

GIA engagements may include evaluating operations and change programmes to assess if they are being carried out effectively and efficiently and in line with established goals and objectives.

Advisory

The role of GIA in its advisory remit is to provide the operational business areas access to GIA expertise to investigate and challenge elements of the control environment without the need for a formal audit. GIA's objective for its advisory work is to increase the business' awareness of processes requiring attention, support or understanding with regards to the controls implemented, and additionally to support control effectiveness and sustainability in new business developments.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function 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.

For clarity GIA's work in an advisory capacity will not involve the design, implementation or any ownership for the control framework. This allows the function to stay appropriately independent and robust in discharging its core accountabilities.

To ensure objectivity, independence, and integrity of the advisory process, conflicts of interest are assessed before the engagement starts. If any conflicts of interest arise, these will be assessed and evaluated to identify if controls can be put in place to reduce the level of conflict. At the end of the assignment, potential conflicts will be reassessed to ensure appropriate allocation of audit work.

Reporting Results

GIA advisory and assurance final reports will be shared with all Executives, the Director of Compliance and the Director of Enterprise Risk.

The Director of Group Internal Audit (DoGIA) presents updates to the Group Executive Committee (GEC) and the AC. The DoGIA will meet at least annually in a private meeting with the AC.

GIA's key reporting to the GEC and AC will include results of completed engagements including significant control weaknesses, progress against plan, Group progress against closure of audit management actions and recommendations, proposed changes to the Audit Plan and the subsequent resources required to deliver these.

GIA will provide an overall opinion on the effectiveness of the governance, and risk and control framework, and whether the organisation's risk appetite is being adhered to. When the DoGIA concludes that management has accepted a level of risk that exceeds Just's risk appetite, DoGIA will discuss this with senior management and if necessary with AC.

Interaction with Other Assurance Providers

Effective Risk Management, Compliance and Actuarial Assurance functions are an essential part of Just Group's corporate governance structure. GIA is independent of these functions and is neither responsible for, nor part of them.

In evaluating the effectiveness of internal controls and management processes, in no circumstances does GIA rely exclusively on the work of these other assurance providers. GIA exercises informed judgement as to when to place reliance on the work of other assurance providers, and will undertake specific audits on each of the 2nd line functions using a risk based approach to gain comfort over the effectiveness and quality of these functions' work.

Independence and Authority

The DoGIA is the Approved Person (SIMF 5) and has no first or second line responsibilities. The DoGIA reports directly to the Group Audit Committee Chair for Internal Audit matters with regular dialogue and reporting to the GEC and the AC. The DoGIA also attends the Group Audit Committee meetings. The DoGIA also has a dotted reporting line into the CEO for day to day operational matters. The DoGIA will confirm to AC, at least annually, the organisational independence of the Internal Audit function.

DoGIA will disclose to the AC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results.

Via the Chair of the AC, the Board's AC will participate in matters relating to the performance evaluation, appointment or removal of the DoGIA as well as input into their annual remuneration terms as set by the Remuneration Committee.

The GIA team have a right of access and escalation to the CEO and the Chair of the Audit Committee should they not be able to raise anything directly with their line manager or the DoGIA.

GIA in its assurance capacity, within the boundaries of strict accountability for confidentiality and safeguarding of records and information, is authorised to full, free, and unrestricted access to any and all of the Just Group records, physical properties, and personnel pertinent to carrying out any engagement. All Just employees are requested to assist GIA in fulfilling its assurance role. GIA also has free and unrestricted access to the Board and Senior Management.

Resources

The DoGIA ensures that the audit team has the skills and experience commensurate with the risks of the organisation. This includes training, recruitment and co-sourcing with external third parties.

The DoGIA provides the AC with a regular assessment of the skills required to conduct the work needed, and whether the GIA budget is sufficient to allow the function to deliver against its accountabilities with the expertise and experience necessary to provide effective challenge throughout the organisation and to the Executive.

The AC is responsible for approving the GIA budget and, as part of the Board's overall governance responsibility, discloses in the annual report whether it is satisfied that GIA has the appropriate resources.

Quality Assessment

The DoGIA will maintain annually (unless in the year an external review of the function has been commissioned) a quality assurance and improvement programme that covers all aspects of internal audit activity. The programme will cover an evaluation of the Internal Audits activity's conformance with the Global Internal Audit Standards as well as assessing the Internal Audit function's progress toward the achievement of its objectives including, if applicable, plans to address opportunities for improvement. In addition, ongoing quarterly assessments of the operational performance of internal audit activity will be completed with lessons learnt being implemented.

The DoGIA will communicate to Senior Management and the AC regarding Internal Audit's quality assurance and improvement programme, including the results of ongoing internal and external assessments. External assessments will be conducted at least every 5 years by a qualified, independent assessor from outside of Just. This will support the AC's continual assessment on the effectiveness of GIA.

Professional Standards

GIA aims to continually operate where possible in compliance with the Global Internal Audit Standards and UK Chartered Institute of Internal Auditors' Code of Practice and all Just policies.

Internal auditors will understand, respect, meet, and contribute to ethical expectations of the business and be able to recognise conduct that does not meet those expectations and report it in line with Just's policies.

Internal audit will comply with GIA 'Independence and Objectivity' policy in line with Global Standards and will disclose to appropriate parties if the objectivity may be impaired in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review.

Relationship with the Regulators

The DoGIA and GIA team will have an open, constructive and co-operative relationship with Just's regulators which supports the sharing of relevant information.