



# Internal Audit Charter

Reviewed and Approved by FBD Holdings plc & FBD Insurance plc Audit Committees Date: 04/03/2026

## **Introduction**

This Internal Audit (IA) Charter is the formal document that defines IA's role, mandate, responsibility and authority. The IA Charter establishes IA's position within the organisation, including the nature of the Chief Internal Audit Officer's (CIAO) functional reporting relationship with the board; authorised access to records, personnel, and physical properties relevant to the performance of its responsibilities and engagements; and defines the scope of IA activities.

This Audit Charter will be reviewed and approved by the Audit Committees' of FBD Holdings plc and FBD Insurance plc ("Audit Committee").

### **1. Purpose**

The purpose of IA is to help the Board and Executive Management to protect the assets, reputation and sustainability of the organisation and to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

It does this by assessing whether all significant risks are identified and appropriately reported by management and the Risk Management function to the Board and Executive Management; evaluating whether FBD is adequately controlled; and by challenging Executive Management to improve the effectiveness of governance, risk management and internal controls including identifying efficiencies and removing duplicative and/or redundant controls.

IA's role in the provision of independent assurance operates on the basis that management has primary accountability for effective risk management and control, including the management of fraud risk.

While maintaining its independence, IA may also provide Advisory Services.

IA is to operate in compliance with Global Internal Audit Standards issued by the Institute of Internal Auditors ("IIA") including the International Professional Practices Framework (IPPF) and the Internal Audit Code of Practice.

### **2. Mandate**

#### **2.1 Authority**

The IA function, with accountability for confidentiality and safeguarding records and information in its possession, is authorised to have full, free and unrestricted access to any and all of FBD's records, physical properties and personnel pertinent to carrying out any engagement. All employees are requested to assist the IA activity in fulfilling its roles and responsibilities.

#### **2.2 Responsibilities**

IA is the "third line of defence" in the risk governance structure, providing independent and objective assurance over the design and effectiveness of controls in place to manage the key risks impacting FBD Holdings plc, FBD Insurance plc, FBD Corporate Services Ltd and FBD Insurance Group Ltd ("FBD").

IA is accountable for developing and delivering a programme of assurance (the Audit Plan) aimed at reviewing the effective management of key business risks. IA is accountable for reporting its findings, conclusions, and recommendations to the audited function, Executive Management and the Audit Committee.

Management is responsible for the effective identification of risk and the maintenance of adequate systems of controls. Management is responsible for corrective actions on reported issues. IA is responsible for monitoring that timely follow-up of management actions occurs and for validating these actions once complete.

The Board, the Audit Committee or members of management can request IA to perform audit reviews subject to these requests not affecting IA's independence and objectivity. The final decision for any changes to the Audit Plan and/or requests to perform unscheduled activity rests with the Audit Committee.

### ***2.3 Independence and Objectivity***

IA's independence is protected by the authority vested in it by the Audit Committee and all IA activities shall remain free from undue influence by management or other restrictions. IA staff are required to have and maintain an impartial, unbiased attitude and avoid any conflict of interest. This is assessed both as part of planning for each audit and on an annual basis.

The CIAO manages the IA function and has a direct reporting line to, with direct and unlimited access to, the Chairs of the Audit Committees and a secondary "dotted" reporting line to the Chief Executive Officer ("CEO").

The Audit Committee is responsible for approving the IA risk-based assurance plan, the supporting annual budget, and resource plan. The Audit Committee is also responsible for the appointment, replacement or dismissal of the CIAO.

The IA function must be independent from management at all times in order to be effective in executing its work freely and objectively. Mechanisms are in place to support this including:

- The Audit Committee approves IA's annual plan and the overall budget.
- The Audit Committee approves the CIAO's objectives and reviews the CIAO's performance.
- The CIAO has the opportunity to discuss significant and sensitive matters with the Audit Committee members without senior management present.
- IA is authorised to review all areas of FBD and has timely, full, free and unrestricted access to all activities, management information, records, property, and personnel necessary to perform their responsibilities including correspondence with regulators, Board and Committees packs, updates and meeting minutes.
- IA has the right to attend and observe all or part of executive committee meetings and any other key management decision making fora.
- Independence will not be compromised where IA personnel attend steering committees or workshops if CIAO is satisfied that no conflict arises between IA's role on the committee/workshop and as an independent assurance provider.

- IA is authorised to allocate resources, set frequencies, select areas, determine audit scopes and apply audit tools and techniques and to obtain the necessary assistance and specialised services externally to accomplish its objectives.
- IA reports will be provided to the Audit Committee members upon completion.
- IA activity must be free from interference in determining the scope of internal auditing, performing work and communicating results. The CIAO must disclose such interference to the Audit Committee and Board and discuss the implications.
- IA has the right to be informed by management, on a timely basis, of any significant control failures identified by management or the external auditors.
- Internal Auditors have no direct responsibility or authority over any operating activities and should not relieve others of their responsibilities.
- Internally recruited IA staff must not audit activities or functions they previously performed during the timeframe covered by the audit.
- IA are specifically prohibited from performing management activities, including:
  - performing operational duties, including operation of policies and procedures;
  - initiating or approving accounting transactions; and
  - undertaking consulting engagements where the primary aim includes process improvement, implementation of systems, or advising on operating practices.
- Persons carrying out the internal audit function must not assume responsibility for any other function, except as described in the Central Bank of Ireland Guidance for (Re)Insurance Undertakings on the Fitness and Probity Amendments 2015 Section 4.2 and Article 271 (2) of the Commission Delegated Regulation (EU) 2015/35. Where the CIAO has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.
- In order to mitigate the risk of conflicts of interest the CIAO will, where possible taking into account the size of the audit team, rotate members of the audit team assigned to audits that they have participated in previously.

The CIAO provides an annual attestation of independence to the Audit Committee as relevant.

IA governs itself by adherence to the Global Internal Audit Standards, including the principles of Ethics and Professionalism (Integrity, Objectivity, Competency, Due Professional Care, and Confidentiality).

### **3 IA Main Activities**

#### **3.1 Internal Audit (IA) Plan**

At least annually, the CIAO will submit to the FBD Audit Committee an IA plan for review and approval. The IA plan will consist of a work schedule as well as resource requirements for the period. The CIAO will communicate the impact of resource limitations and significant interim changes to the Audit Committee.

The Audit Universe and Audit Plan are developed and updated independently by IA with reference to:

- The company's strategy and the Executive Management Team's and senior management's views of the key risks facing the business.
- Relevant risk information available from external professional organisations including accountancy, consultancy, IT and internal audit bodies.
- The "second line of defence" to consider that relevant risks are addressed in the Audit Plan.
- IA's discussions with the external auditor.
- Central Bank of Ireland Supervisory Priorities, Risk Themes/Areas and mandated audits, if any.

The IA plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of the Audit Committee. The CIAO will review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved IA plan will be reviewed and approved by the Audit Committee and communicated to executive and senior management.

### **3.2 Scope of work**

The primary scope of IA's activities is the examination and evaluation of the adequacy and effectiveness of FBD's systems of risk management, internal control and governance processes. In addition to this, IA's scope will include review of:

- Compliance with policies.
- Reliability and integrity of information.
- Means of safeguarding, verifying and accounting for assets.
- Economic and efficient use of resources.

### **3.3 Reporting to the Audit Committee and the Executive Management Team**

The CIAO's reporting and communication to senior management and the board must include information about:

- The audit charter.
- Independence of the IA activity.
- The audit plan and progress against the plan.
- An update regarding the key aspects of each audit report issued since the previous Audit Committee meeting.
- Resource requirements.
- Results of audit activities.
- Conformance with the Standards, and action plans to address any significant conformance issues.
- Management's response to risk that, in the CIAO's judgment, may be unacceptable to the organisation.

Additional reporting provided by the CIAO to the FBD Audit Committee will include:

- Open audit issue status, including details of any repeat audit findings identified in the period.
- Summary of root causes of audit findings (for findings rated "Critical", "Significant" and "Important").

- Summary of formal feedback received from functions that have been audited.
- Summary of risk culture observed throughout the course of each audit.

In addition, upon completion, a copy of each audit report issued by IA (including dates for corrective actions and commentary on actions raised in previous audits, if applicable) will be provided to the Audit Committee members.

Additional reporting will be provided as determined and agreed with the Chairs of the FBD Audit Committee.

The Executive Management Team will receive regular updates on the status of the IA plan and the status of open audit issues.

#### **4 Relationship with Regulators**

The CIAO is a Pre-Approval Controlled Function (PCF) under the Central Bank of Ireland Fitness and Probity Regime. Within the framework of this regime the CIAO will have routine contact with the Central Bank of Ireland and (s)he should have an open, constructive and cooperative relationship which supports sharing of information relevant to carrying out their respective responsibilities.

Without impinging on his/her PCF responsibilities, in the event where (s)he feels it necessary to inform the regulatory authorities of a specific significant matter the CIAO should first seek to raise this matter through the established channels of interaction with the CEO and/or the Chairs of the FBD Audit Committees.

It is expected that reportable significant matters arising would be reported to the regulatory authority by management in the first instance.

#### **5 Quality Assurance and Improvement Programme**

IA maintains a quality assurance and improvement program (QAIP) that covers all aspects of the IA function, including IA's conformance with the Global Internal Audit Standards. The QAIP is structured around four key elements: Methodology; Ongoing Monitoring of Performance; Quality Assurance Assessments; and Periodic External Assessments.

On an ongoing basis, IA's audit methodology is reviewed and aligned with the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements ('IIA Standards'). IA's audit methodology is also periodically reviewed in light of new developments and evolving industry practice. The QAIP includes a Quality Assurance (QA) programme that allows for both internal and external QA reviews and is aimed at ensuring adherence to audit methodology and the continuous improvement of IA's assurance activities.

Findings of the QA review programme are shared with the Audit Committee on an annual basis as part of the QAIP update, and include an overview of QA results, key lessons learned, and actions taken to address them.

The CIAO will report annually to the Audit Committee regarding IA's conformance with the IIA Standards.

IA seeks to ensure that staff have the required capability to deliver the audit plan approved by the Audit Committee but, if a gap in the specific skills or expertise required for an assignment is identified, IA will leverage their co-source providers technical skills and knowledge.

In line with IIA standards, independent effectiveness reviews of IA will be commissioned by the Audit Committee at least every 5 years.

## **6 External Audit**

IA liaises with the external auditors to share information including IA reports and consideration by IA of the control weaknesses identified by the external auditors.

## **7 Review**

This IA Charter is subject to review, at least annually, by the Audit Committee.