

Group Internal Audit Charter



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1. Introduction

- 1.1 The Board of Directors of Network International Holdings PLC (the Board) has ultimate responsibility for monitoring and overseeing senior management's establishment and maintenance of an adequate and effective Enterprise Risk Management Framework (ERMF). The Board has appointed and authorised the Board's Audit and Risk Committee (BARC) to assist them in effectively discharging these responsibilities for the whole Group.
- 1.2 The Board has established Group Internal Audit (GIA) as a key component of the ERMF.
- 1.3 This GIA Charter sets out the purpose, scope, activities and responsibilities of the GIA function, along with the organisational framework within which it operates. It is approved by the BARC and should be read in conjunction with the BARC Terms of Reference.
- 1.4 GIA adopts the definition of internal audit as defined by the Institute of Internal Auditors (IIA) as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal audit helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes".
- 1.5 GIA's role as third line of defence is to provide assurance to the Board that the significant inherent risks in the organisation are addressed by an adequate and effective ERMF through the first and second lines of defence.
- 1.6 The Board and management can use GIA's assurance output in the discharge of their responsibilities.

2. Purpose and objectives

- 2.1 GIA supports the Board in executing its duty to safeguard Network International Holdings PLC by protecting and strengthening its assets, reputation and sustainability. Through its functional reporting line to the Chair of the BARC, GIA fulfils its oversight and assurance objectives through:
 - a) Assessing whether all significant risks have been identified and appropriately reported by management and the Risk function to the Board and Executive Management.
 - b) Conducting such internal audit work as is necessary to provide independent assurance that these risks are adequately controlled, including business as usual, change and M&A activity.
 - c) Coordinating with other assurance providers to optimise assurance coverage and outputs.
 - d) Gauging and reporting on the risk and control culture, by assessing management risk and control awareness through individual and thematic reviews.
 - e) Identifying improvements required to the ERMF.
 - f) Helping ensure agreed business actions are implemented sustainably.
 - g) Supporting investigations arising from whistleblowing disclosures as requested and providing periodic assurance over the whistleblowing framework.

3. Role and responsibilities

3.1 The BARC reviews and oversees the activities of GIA and assesses the overall effectiveness of the function. GIA must adhere to the BARC duties and responsibilities regarding the GIA function as described in the BARC Terms of Reference.

3.2 The Group Chief Internal Auditor (GCIA) is responsible for:

- a) Establishing a GIA strategy and directing GIA policies, procedures and standards in line with IIA standards, codes and practices and GIA methodology.
- b) Establishing and maintaining a GIA team with the skills and experience commensurate with the risks of the organisation (internally within the organisation or externally through the use of specialist resources).
- c) Providing the BARC 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 recruit and retain staff with the expertise and experience necessary.
- d) Preparing and regularly reviewing the scope of the annual GIA Plan, outlining coverage of key risk and strategic areas. Submitting, at least annually, a risk based internal audit plan for review and approval to the BARC.
- e) Preparing periodic GIA opinion on the adequacy and effectiveness of the governance, risk management and internal control environment including annual internal attestations of compliance with regulatory requirements (where necessary), and other relevant matters.
- f) Meeting privately, on at least an annual basis, with the BARC without management present.
- g) Reporting to the BARC on the operations of GIA, the delivery of GIA Plan, and the profile of audit issues raised across the organisation.
- h) Presenting the results of assessments regarding adherence to GIA quality assurance programme to the BARC at least annually.
- i) Arranging for an independent and objective external assessment of the GIA function at appropriate intervals which will not exceed four years. As the BARC should regularly monitor, review and assess the effectiveness of the GIA function, the BARC Chair will oversee and approve the appointment process for the independent assessor.

3.3 The BARC is responsible for approving the GIA risk based annual audit plan and financial budget and disclosing in the annual report whether it is satisfied that GIA is effective and has sufficient resources and skillsets.

4. Scope

4.1 Network International Holdings PLC has adopted a three lines of defence governance model. As the third line of defence, the scope of GIA's work considers all legal entities and brands, first and second line activities and business units, and all key risks and controls across the Group, including material outsourced activities. The work undertaken by GIA is determined by the business strategy as well as an independent view of the key risks facing the organisation and how those risks are being managed.

4.2 GIA will make a risk-based decision as to which areas within its scope will be included in the audit plan and will cover all the potential scope areas at least once within a three year cycle.

4.3 GIA's scope includes assessing and providing opinion on, but is not limited to:

- > Design and/or operating effectiveness of internal governance structures and processes, and risk management systems to assess the extent to which these are effective and efficient in assisting the organisation to achieve its objectives.
- > Information presented to the Board and Executive Management for strategic and operational decision making.
- > The setting of, embedment, and adherence to risk appetite.
- > The risk and control culture of the organisation including whether the processes, actions and 'tone at the top' are in line with the values, ethics, risk appetite and policies of the organisation.
- > An evaluation as to whether the organisation is acting with integrity in its dealings with customers and whether the design and control of products, services and supporting processes deliver appropriate customer outcomes and experience.
- > Funding, capital and liquidity risks.
- > Key corporate events including the information used to support key decisions (such as significant business process changes, divestments, acquisitions, major outsourcing and the introduction of new products).
- > An evaluation of the design and operating effectiveness of the organisation's policies and processes and whether the outcomes are in line with the objectives, risk appetite, purpose and values of the organisation.

In delivering this scope GIA will:

- > Recommend improvements in procedures and systems to prevent loss and increase efficiency and effectiveness.
- > Advise on appropriate systems of internal control and other operational matters.
- > Draw attention to any failure by management to take remedial action to address key issues identified.
- > Carry out ad hoc appraisals, inspections, investigations, examinations, consulting services/or reviews in related areas of fraud control, risk management, policy compliance, regulatory requirements, safety and security and any other areas of focus as approved by the BARC.

4.4 GIA will liaise regularly, co-ordinate with and take account of the work of the first and second lines of defence. An agreed framework will maintain awareness of the activities of the various assurance providers and to provide visibility of assurance gaps or overlaps. In determining whether reliance can be placed on the work of the other assurance providers, GIA will apply best practice guidance including a thorough evaluation of the effectiveness of the approach, competency of the team and (as applicable) re-performance of their work.

5. Independence, objectivity and authority

5.1 It is the responsibility of the Board to maintain, promote and support GIA as an audit and assurance function operating independently of business unit and Executive Management and with separate functional reporting lines.

5.2 The GIA function is under the control of the GCIA who has an independent functional reporting line to the BARC Chair and a secondary Executive reporting line to the Group Chief Executive Officer (GCEO).

- 5.3 The GCIA and direct reports have equivalent authority to his/her Executive peers to provide the appropriate standing, access and authority to challenge Executive Management. The BARC Chair is responsible for recommending to the Board the appointment of the GCIA and removing him/her from post. The BARC Chair in conjunction with the GCEO, set the GCIA objectives and appraises performance and associated remuneration.
- 5.4 This appraisal should consider the independence, objectivity and tenure of the GCIA. Where the tenure of the GCIA exceeds seven years, the BARC should explicitly discuss annually the Chair's assessment of the GCIA's independence and objectivity.
- 5.5 The GCIA or delegate will attend each meeting of the BARC and applicable Risk Committees.
- 5.6 The GCIA has the right to attend and observe all or part of Leadership Team meetings and any other key management decision making fora.
- 5.7 The GCIA will meet with the GCEO and BARC Chair on a regular basis to discuss significant emerging issues from the work of GIA.
- 5.8 GIA is functionally independent of management and the external auditors and has the right to full, free and unrestricted access to all functions, premises, property, personnel, records and other documentation and information that is necessary for GIA to meet its responsibilities. This includes access to the Network International Holdings PLC Chair, Board members and Board and Executive Management papers. Management must respect GIA's rights in this regard.
- 5.9 The BARC has the right to access anyone in the GIA function who must comply with any such request from any member of the BARC.
- 5.10 The GCIA has the right to outsource assignments to external experts where the required expertise is not available within GIA, in accordance with policy.
- 5.11 GIA staff must remain objective at all times and not be influenced by personal, business or other matters that may impair impartiality. GIA staff must have no line responsibility or authority over any of the activities or operations they review and (except in circumstances approved by the BARC) are not authorised to:
- > Perform any operational duties of the organisation except within GIA.
 - > Provide audit services in relation to a business area or activity for which they have held responsibility within the previous twelve months.
 - > Develop or implement procedures or systems external to GIA.
 - > Initiate or approve any transactions external to GIA.
 - > Direct the activities of any employee not employed by GIA.
 - > Perform an audit in an area where they have a personal relationship with an employee in that area carrying out a controlled task.
 - > Engage on any other activity which could compromise their objectivity.

5.12 It is the responsibility of the GCIA to communicate to the BARC and the GCEO any perceived or potential conflicts of interest that may compromise the objectivity or independence of GIA.

5.13 The GCIA will confirm the independence of the GIA function annually to the BARC.

5.14 GIA has the authority to:

- > Conduct internal audits in accordance with the approved annual GIA Plan and any approved changes thereto.
- > Conduct or direct any investigation required to fulfil its responsibilities and retain at the Group's expense such legal, accounting, financial, corporate governance or other advisors, consultants or experts as it considers necessary from time to time in the performance of its responsibilities.

5.15 GIA must have an avenue for dispute resolution (e.g. for disputes on the context of internal audit or matters that inhibit them from executing their duties). The GCIA will raise such matters with the BARC Chair to provide the avenue for dispute resolution.

6. Reporting

6.1 GIA has reporting obligations to the BARC, and Executive Management. Reporting covers:

- > The GIA plan and strategy. The BARC will review and approve the plan and risk assessment strategy, and review and approve any proposed key changes to the plan.
- > Regular information on the delivery of the plan and audit results, and the performance of GIA (including results of GIA's own quality assurance programme).
- > Significant control weaknesses and breakdowns together with root cause analysis.
- > Thematic issues and trends identified across the Group, and their impact on the organisation's risk and control profile.
- > Periodic assessments, at least annually, of the adequacy and effectiveness of the ERMF of the organisation, including the reporting on risk management to the Board and senior management and remediation plans to address weaknesses, based on the work of GIA.
- > Management risk and control awareness and organizational culture assessments (as applicable).

7. External audit and regulators

7.1 GIA will maintain a close relationship and co-operate with the Group's external auditors in order to optimise the effectiveness and productivity of audit work completed throughout the Group. GIA's role, responsibilities and scope however will remain independent of the Group's external auditors.

7.2 GIA will have an open, constructive and co-operative relationship with regulators which supports sharing of information relevant to carrying out their respective responsibilities.

8. Professional standards

8.1 GIA will govern itself by adherence to the mandatory elements of the IIA's International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. Specifically, GIA will operate within the context of the IIA guidance on Effective Internal Auditing in Financial Services Second Edition September 2017.

8.2 The GCIA will report periodically to the BARC regarding GIA's conformance to the Code of Ethics and the Standards.

9. Effective date

9.1 The BARC will review and approve this charter annually.

9.2 This Charter dated 4th February 2020 supersedes any terms of reference previously in force.