

Internal Audit Charter

1. The role of Internal Audit

The objective of Internal Audit (IA) function is to assist the Boards of MS Amlin Plc (the company), its subsidiary companies and Executive Management to protect the assets, reputation and sustainability of MS Amlin through the provision of an independent appraisal of the adequacy and effectiveness of governance, risk management and the internal control framework. Certain Boards, including the MS Amlin Plc Board (Plc Board), have delegated their responsibility for overseeing the internal audit activity to an Audit Committee.

IA executes its primary role by:

- Assessing whether all significant risks are identified and appropriately reported by management and the Risk function to the Board and Executive management
- Assessing whether the risks are adequately controlled
- Challenging Executive management to improve the effectiveness of governance, risk management and internal controls

IA is an independent review function and does not relieve line management and second line of defence of their responsibility for effective control.

2. Authority and reporting lines

IA derives its authority from the Boards of MS Amlin Plc and its subsidiaries. Its primary reporting line is to the Plc Audit Committee, to whom it has open access. Secondary reporting lines exist to the Boards and Audit Committees of other MS Amlin entities.

The Chief Internal Auditor (CIA) reports directly to the Plc Audit Committee Chairman who is accountable for:

- Setting the objectives and appraising the performance of the CIA. The appraisal will consider the views of the Chief Executive Officer, to whom the CIA has a secondary reporting line
- Recommending the remuneration of the Chief Internal Auditor to the Remuneration Committee.

All internal auditors have an exclusive reporting line through to the CIA.

IA has unrestricted access to all records, personnel, property and operations of the company as required for the effective performance of its audit work, with strict responsibility for safekeeping and confidentiality.

Programme of work

IA's programme of work will be compiled by the CIA in form of an annual audit plan and approved by the Plc Audit Committee in November each year. Following approval, the audit plan will be communicated to all relevant Boards and Committees across the Group. This audit plan covers all MS Amlin Group Functions and SBUs and thus encompasses in its scope all subsidiaries and branches. In some instances, audits might focus on a particular legal entity or location rather than being a group-wide audit.

IA may vary the content of its approved programme of work to accommodate emerging risks, unplanned events and changes in risk profile. Significant changes are to be discussed and agreed as soon as possible with the Plc Audit Committee Chairman. All changes are to be presented for approval to the Plc Audit Committee and other relevant Boards and Committees.

Budget and resources

The adequacy of IA's budget and resources will be reviewed and approved by the Plc Audit Committee.

3. Scope of activities

The scope of IA activity includes all MS Amlin activities, locations and legal entities, including but not limited to MS Amlin Plc, MS Amlin Corporate Services Ltd, Amlin Insurance SE and MS Amlin AG.

IA work normally includes, but is not restricted to, reviewing the control framework established by management to ensure achievement of MS Amlin's strategic and operational goals and objectives by:

- Effective identification, assessment and management of risk
- Compliance with those policies, standards, procedures, laws and regulations which could have a significant impact on MS Amlin's operations or reputation
- Display of and adherence to MS Amlin's values and culture
- Safe custody of assets
- Effective and efficient use of resources.

There will be specific emphasis on:

- The design and operational effectiveness of governance structures and control processes, including strategic and operational decision-making information presented to the Boards
- The setting of and adherence to risk appetite
- The effectiveness of the second line of defence with regards to its monitoring and oversight responsibilities
- The company's culture and management of conduct risk, including:
 - Key indicators of a sound risk culture, "tone at the top", accountability, effective communication and challenge and incentives
- The risk of poor customer outcomes, giving rise to reputational or conduct risk
- High-risk key corporate events, for example significant business process changes, the introduction of new products and services, or outsourcing decisions and acquisitions/divestments.

4. Internal Audit responsibilities

The key responsibilities of IA are to:

- Develop and maintain a risk-based audit plan that takes account of emerging risks, significant corporate events, strategic change, regulatory themes and areas of control concern
- Review the plan on a continuous basis and propose additions, cancellations and deferrals to the audit committee for approval on a quarterly basis
- Provide reasonable assurance as to the adequacy and effectiveness of the internal control framework in operation throughout MS Amlin by ensuring there is appropriate audit coverage across all areas of the Group

- Report the results of internal audit activity, significant control issues identified, progress in delivering the audit plan and status of management remediation activities
- Establish and deliver a programme of quality assurance activities to confirm that expected internal audit standards are being met and to report the results to the Audit Committee annually
- Manage the function that audit staff have appropriate knowledge, skills, qualifications and experience to deliver the proposed plan of work
- Provide reasonable assurance to Executive management and the Boards of MS Amlin Plc and its principal subsidiaries on management's assertions of risk exposure
- Provide active support to the Boards of MS Amlin Plc and its subsidiaries and line management in the promotion of high standards of internal control
- Assist and advise management on the prevention of fraud and defalcations
- Work with MS Amlin Legal, to play a leading role in the investigation of internal fraud
- Support the Speak Up Committee in discharging its responsibility.

In the provision of assurance, IA will ordinarily provide an opinion on the strength of the control framework in operation within the subject area covered by an audit. Additionally, drawing on insights gained through its work, IA is expected to contribute ideas for improving the efficiency and effectiveness of business operations.

IA may also be asked by management to assist with the design of control processes or to complete other work, including work of an investigatory nature. Such work will not be accepted if doing so significantly impairs IA's ability to deliver on its primary objectives. In accepting any such assignment, IA does not assume management responsibility. The nature and extent of all such assignments will be reported to the Plc Audit Committee and other relevant Boards or Committees.

5. Independence, objectivity and professionalism

The independence of IA from day-to-day line management responsibility is fundamental to its ability to deliver objective coverage of all parts of the MS Amlin Group. IA will maintain an impartial, unbiased attitude and avoid any conflicts of interest.

IA will remain free from interference by any element in the company, including in matters of audit planning, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Staff seconded to IA for particular assignments will adopt the same standards and procedures as regards independence as permanent staff and will operate under the direction of IA management for the duration of their work.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. In performing their duties, internal auditors will at all times exercise due professional care.

IA strives to adhere to The Chartered Institute of Internal Auditors' (CIIA) mandatory Standards including its *Definition of Internal Auditing*, its *Code of Ethics* and its *International Standards for the Professional Practice of Internal Auditing* (Standards). In addition, IA aims to comply with Practice Advisories, Practice Guides and recommendations issued by the CIIA to the extent that these apply.

At least every five years, IA is subject to an external review to assess the quality, the efficiency of the IA function and its compliance with the CIIA requirements.

6. Relationship with External Auditors, Compliance and other review functions

IA is not relieved of its responsibilities in areas of MS Amlin's business which are subject to review by other assurance functions, including but not limited to External Auditors, Compliance and Risk, and operational monitoring and checking activities performed by business management. However, IA will assess the extent to which it can rely upon the work of these bodies and co-ordinate its work with them.

7. Internal reporting

IA will provide:

- Regular reporting to the CEO on any material internal control issues, deficiencies and/or concerns
- Written reports on all audits and reviews to relevant key executive stakeholders and operational management
- Regular reports to the Plc Audit Committee and relevant subsidiary Boards/Committees.