

Phoenix Group Holdings plc

Audit Committee Terms of Reference

Date of adoption:
5 February 2025

Purpose

The Audit Committee is responsible for but not limited to:

1. Purpose

- The role of the Audit Committee is to assist the Board in its oversight of financial and non-financial reporting and the effectiveness of the Group's Risk, Control and Assurance Framework. It performs its role through:
 - Overseeing the integrity of the Company's financial statements, climate related and non-financial disclosures and related announcements, inviting challenge from all attendees and members.
 - Overseeing the relationship and monitor the effectiveness, performance and objectivity of the external auditors.
 - Responsibility for any external audit tender process.
 - Ensuring the right of access to all employees, management information and records is given to internal and external auditors, risk function and internal controls teams in order to execute their roles.
 - Championing Group Internal Audit to enable it to fulfil its purpose as set out in the Audit Charter and to pursue its strategy.
 - Overseeing the independence and effectiveness of Group Internal Audit
 - Monitoring the adequacy and effectiveness of the systems of internal control over financial, operational, reporting and compliance.
 - Overseeing the Group's Speak Up process.
 - Assisting on such other matters as may be referred to it by the Board.

Membership & Attendance

2. Chair

- The Chair of the Committee is appointed by the Board on the recommendation of the Nomination Committee.
- In the absence of the Chair, the Committee members shall elect one of themselves to be the Chair for the meeting.
- The Chair of the Committee should attend the Annual General Meeting ('AGM') to answer shareholder questions related to activities of the Committee over the preceding year.

3. Members & Attendees

- Committee members are appointed by the Board on the recommendation of the Nomination Committee.
- At least three members comprising of Independent Non-Executive Directors of the Board ('INEDs'), where possible comprised of the Chairs of the Board Committees.
- The Chair of the Risk Committee should also be a member of the Committee.
- Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the majority of the Committee members remain independent.
- The Committee as a whole shall have competence relevant to the financial services sector.
- One member (preferably the Chair) must have recent and relevant financial experience.
- Only Committee members have the right to attend meetings.

	<ul style="list-style-type: none"> Others may attend by invitation including but not limited to: <ol style="list-style-type: none"> 1. Group Chief Executive Officer; 2. Group Chief Financial Officer; 3. Group Chief Audit Officer; 4. Group Chief Risk Officer; and 5. External Auditor.
4. Committee Secretary	<ul style="list-style-type: none"> Group Company Secretary or a nominee.

Meeting Management & Governance

5. Frequency & Format	<ul style="list-style-type: none"> The Committee shall meet at least four times annually and ad hoc as required at the request of the Committee Chair, or two members. Notice of each meeting confirming the venue, time, and date together with an agenda of items and supporting papers to be discussed, should be forwarded to the Board and any other person required to attend at least five days before the meeting (unless otherwise agreed, in which case the number of days should not be less than three) .. Members should attend in person (where possible), or via video conferencing or telephone. If required, matters may be approved by written resolution or electronically. The Secretary will minute the proceedings and resolutions of all Committee meetings. Once approved by the Chair, minutes to be circulated promptly to members.
	<ul style="list-style-type: none"> Private sessions to be conducted with the Group Chief Financial Officer, External Auditor, Group Chief Audit Officer and Group Chief Risk Officer or any other role as required.
6. Quorum	<ul style="list-style-type: none"> There will be at least two members of the Committee.
7. Conflicts of Interest	<ul style="list-style-type: none"> Members of the Committee shall declare any conflicts of interest prior to participating in meetings and any such conflicts to be declared and noted in the Committee minutes.
8. Independent Advice	<ul style="list-style-type: none"> In addition to having access to the services of the Group Company Secretary and external advisors of PGH, Directors may seek independent advice in connection with their duties at the expense of the Company and invite those persons to attend meetings of the Committee.
9. Delegation of Authority	<ul style="list-style-type: none"> The Committee is authorised by the Board to undertake any activity within its terms of reference and seek any information from any employee or subsidiary company as and when required.

Duties & Responsibilities

10. The duties and responsibilities of the Committee are as follows:

Financial Reporting

- 10.1 Review and challenge where necessary, the action and judgements of Management in relation to the interim and annual financial and narrative statements; any formal announcements relating to the Company's

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financial performance; the quarterly and annual Solvency UK reporting including the Solvency Financial Condition Report ('SFCR'); and the financial elements of the Sustainability Report, for RECOMMENDATION to the Board, having particular regard to:

10.2	The definition and consistent application of critical accounting policies and their compliance with accounting standards.
10.3	Quality, acceptability and consistency of the accounting policies and practices and financial reporting disclosure and any changes required to be made.
10.4	Areas involving significant judgement, estimation, or uncertainty such as actuarial assumptions.
10.5	The detecting of material misstatements by the External Auditor that individually or in aggregate have not been corrected, and Management's explanations as to why they have not been adjusted.
10.6	The clarity of disclosures and the context in which statements are made.
10.7	Invite challenge from the External Auditor.
10.8	The basis for the going-concern assumption and viability statement.
10.9	Significant adjustments resulting from the audit.
10.10	Compliance with accounting standards.
10.11	Review the findings of the statutory audit with the External Auditor, and to inform the Board of the audit outcome, explain how it contributed to the integrity of financial reporting and its role in the process.
10.12	Where requested, provide advice to the Board on whether the Annual Report and Accounts and related documents, taken as a whole, is fair, balanced, and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.
10.13	Review Management's response to the External Auditor's findings and recommendations.
10.14	Explain how auditor independence and objectivity are safeguarded if non-audit services are provided.
10.15	If an audit tender has taken place within the year, the Committee should explain within the Annual Report and Accounts the criteria used to make the selection and the process followed (see Tender section below), in line with the Financial Reporting Council's ('FRC') Audit Committees and the External Audit: Minimum Standards.

External Audit

10.16	Appoint, resign or dismiss the External Auditor and make recommendations to the Board for shareholder approval at the AGM, including fees. Manage the relationship with the External Auditor to ensure a fair choice of suitable suppliers at the next tender process.
10.17	Investigate any issues leading to its resignation and decide whether action is required.
10.18	Review and approve the external audit plan to ensure it is in line with the scope and engagement of the audit.
10.19	Annually approve the nature and scope of the external audit plan and receive regular updates on its progress.
10.20	Ensure co-ordination with Management, Group Internal Audit, Group Risk, any third party engaged by Phoenix Group and any required employee.
10.21	Be satisfied with the effectiveness, independence and objectivity of the External Auditor, taking into consideration relevant professional and regulatory requirements.

10. The duties and responsibilities of the Committee are as follows:

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| 10.22 | Assess annually the qualifications, expertise and resources of the External Auditor and the efficacy of the audit process. |
| 10.23 | Review, prior to its consideration by the Board, the External Auditor's Letter of Representation and Engagement Letter. |
| 10.24 | Review a report on the External Auditor's own quality assurance systems, including Audit Quality Indicators ('AQIs') in line with the Minimum Standards of Audit Committees. |
| 10.25 | Review the FRC's annual report on the auditor and understand how any issues are being addressed. |
| 10.26 | Review and approve for recommendation to the Board the exemption from audit any subsidiary companies with a parent company guarantee. |

Audit and Non-Audit Services Policy

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| 10.27 | To develop and implement a policy ('Policy') on the engagement of the External Auditor to supply audit and non-audit services, considering relevant legislation and ethical guidance, regarding the provision of audit and non-audit services. |
| 10.28 | To consider and approve audit and non-audit services to be provided by the External Auditor in accordance with the Policy. |

Tender

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| 10.29 | Responsible for Adhering to the FRC's Minimum Standards for Audit Committees when the Committee conducts a tender process, ensuring that all members are involved throughout, non-audit work with its external auditor is appropriately managed to ensure a fair choice of suitable external auditors and avoiding conflicts of interest at the next tender process. All firms must have access to the same information during the tender process to allow fair and objective consideration. |
| 10.30 | Conduct a tender process every 10 years and rotate audit firm every 20 years. |
| 10.31 | Two audit firms must be recommended to the Board for its approval, with a justified preference for one of them. |
| 10.32 | The tender process should not preclude the participation of 'challenger' audit firms without good reason. |
| 10.33 | If a firm refuses to participate in a tender, the rationale should be understood by the Committee and may refuse to consider that audit firm for non-audit work in the future. |
| 10.34 | The External Auditor appointment will not be based on price, but quality, independence, challenge, and technical competence. |
| 10.35 | Consideration by the Committee may give to a price blind tender. |
| 10.36 | The Committee will refer to the External Audit plan from the tender process regularly to ensure it has been met with reference to volume and resource. |
| 10.37 | The Committee should remind eligible firms that refuse to tender that they may as a result be ineligible to bid for non-audit services work. |

Internal Audit

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| 10.38 | Approve the appointment, resignation, or dismissal of the Chief Audit Officer. This includes a formal annual assessment of the Chief Audit Officer's independence when tenure exceeds seven years. |
| 10.39 | Annually approve the performance objectives of the Chief Audit Officer and subsequently review performance against agreed objectives. |
| 10.40 | Ensure the operation of the company bonus scheme for Internal Audit does not pose a risk to Internal Audit's independence and objectivity. |
| 10.41 | Annually approve the Internal Audit Charter. |

10. The duties and responsibilities of the Committee are as follows:

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| 10.42 | Annually review and approve the Internal Audit Plan and the 3 Lines of Defence Assurance Map, with specific reference to the appropriateness of the proposed risk coverage. |
| 10.43 | Approve the Internal Audit budget and ensure Internal Audit has the appropriate skills, experience and resources to fulfil its mandate. |
| 10.44 | Annually review the Internal Audit Strategy. |
| 10.45 | Annual approve Internal Audit's performance objectives. |
| 10.46 | Monitor and annually review the effectiveness of the Internal Audit function, with an independent external assessment commissioned at least once every 5 years. |
| 10.47 | Review Internal Audit reports on the effectiveness of the Group's risk management, governance and controls environment. |
| 10.48 | Consider Management's response to any material recommendations made by the Chief Audit Officer. |

Internal Controls

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| 10.49 | Review, monitor and examine the effectiveness of the Control Environment specifically from the perspective of all controls impacting financial reporting (on all bases), including the design of those controls, regularly considering any material weaknesses found with regular reporting provided by either Management, Internal Audit or the External Auditor. |
| 10.50 | Timeliness and effectiveness of corrective actions taken by Management will be reviewed regularly. |
| 10.51 | With effect from 31 December 2026, recommend to the Board at the balance sheet date, that it can make a declaration, within the Annual Report and Accounts attesting to the effectiveness of those material controls. |
| 10.52 | A description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address those controls previously reported. |
| 10.53 | Ability to delegate certain control acceptance for the non-delivery of corrective actions below a certain threshold to Management. Such delegation to be submitted to the Committee for approval annually. |
| 10.54 | Review any report of fraud (both potential and actual), including the evaluation of the effectiveness of the response in investigating any loss and preventing future occurrences. |

Speak Up

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| 10.55 | The Committee Chair shall liaise with the Life Companies' Audit Committee Chair who is the Senior Managers and Certification Regime ('SMCR') 'Whistleblowers' Champion'. The Committee in conjunction with the Life Companies Audit Committee is responsible for ensuring and overseeing the integrity, independence and effectiveness of the Company's policies and procedures on Speak Up ('whistleblowing'), including those policies and procedures intended to protect whistleblowers from being victimised as a result of raising genuine concerns. |
| 10.56 | There should be a means for colleagues to raise matters of concern in confidence and anonymously. The Committee will routinely review this and the reports arising from its operation; ensure that there are arrangements in place for proportionate and independent investigation and follow-up action where appropriate; and make recommendations to the Group Board on the Speak Up Risk Policy and annually report to the Group Board on Speak Up activity and regulatory compliance. |

Tax

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| 10.57 | Receive a bi-annual update on Tax matters. |
| 10.58 | Review and approve for recommendation to the Board the Group Tax Strategy for publication on the Company's website. |
| 10.59 | Review and approve any other matter escalated from the business. |

Governance, Reporting and Other Procedures

10. The duties and responsibilities of the Committee are as follows:

10.60	Private meeting to be held at least annually between the Committee, the External Auditor, Chief Audit Officer and Group Chief Risk Officer.
10.61	Recommend to the Board for APPROVAL the Annual Report and Accounts.
10.62	Review at least annually the Committee's Terms of Reference and recommend to the Board for APPROVAL as necessary.
10.63	Members shall undertake a review of the Committee's performance as part of the annual Board Evaluation process.
10.64	Liaise with the Nomination Committee in its consideration, appointment and removal of the Group Chief Financial Officer.
10.65	Delegate any of its powers to one or more of its members or the secretary of the Committee.
10.66	Have access to the Company Secretariat on all Committee matters.
10.67	Consider any other matters as may be requested by the Board.
10.68	Oversee any investigation of activities that are within the Terms of Reference.
10.69	Engage with the Board Sustainability and Risk Committees at least bi-annually to drive a consistent approach to Sustainability Reporting, having particular focus on climate risk and reporting.
10.70	The Committee Chair should report to the Board matters reviewed and make the appropriate recommendations.
10.71	The Committee shall produce an annual report of its duties and activities for inclusion in the Company's Annual Report and Accounts, along with a review of External Audit's effectiveness, independence, objectivity and its appointment or re-appointment including any tender process, and the Internal Audit's impact and effectiveness, including a summary of its purpose, mandate and main activities will also be included.
10.72	Produce an annual report on the activities of the Committee against the Terms of Reference and all applicable laws, guidance and regulations of any market on which the Company's securities operate and are listed must be included.
10.73	Provide the rationale for the rejection of a shareholder's request to include certain matters within an audit if it was appropriate for shareholders to be consulted on the External Audit.
10.74	Ensure compliance with all applicable laws, guidance and regulations of any market on which the Company's securities operate and are listed, including any statutory and regulatory requirements applicable to the Group (including the relevant Solvency II, PRA and FCA principles and give due regard to best practice and codes of conduct as may be issued to the industry and markets from time to time, such as the FRC's UK Corporate Governance Code and Audit Committees and the External Audit: Minimum Standard.

Defined Terms

AGM	Annual General Meeting
AQI's	Audit Quality Indicators
Board of Directors or Board	Board of Directors of the Company
Committee	Audit Committee

Company	Phoenix Group Holdings plc
FRC	Financial Reporting Council
Group	Phoenix Group Holdings plc and its subsidiaries
ICF	Internal Controls Framework
INED	Independent Non-Executive Director
PDMR	Persons Discharging Managerial Responsibilities., including Board Directors and members of the Executive Committee, except the Chief Internal Auditor.
PGH	Phoenix Group Holdings plc
PRA	Prudential Regulation Authority
SFCR	Solvency Financial Condition Report
SMCR	Senior Managers and Certification Regime