



THE INSULAR LIFE ASSURANCE CO., LTD. AUDIT CHARTER

1. PURPOSE AND MISSION

The purpose of Insular Life Assurance Co.'s (InLife) Audit Division is to provide independent, objective assurance and consulting services designed to add value and improve the operations of InLife, Insular Health Care Inc. (IHCI) and Insular Foundation (Insular Group). The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. Audit Division helps Insular Group accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

2. SCOPE OF WORK

The scope of work of Audit Division encompasses, independent assessments to management, Audit Committee (AC) and outside parties on the adequacy and effectiveness of governance, risk management, and control processes of the Insular Group¹. Internal audit assessments include:

- Risks relating to the achievement of strategic objectives are appropriately identified and managed
- Actions of officers, and employees are in compliance with policies, procedures and applicable laws, regulations and governance standards
- Results of operations are consistent with established goals and objectives
- Operations are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact Insular Group
- Information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity
- Resources and assets are acquired economically, used efficiently and protected adequately.

The Chief Auditor will report periodically to Senior Management and the AC regarding:

- The internal audit activity's plan and performance relative to its plan
- Results of audit engagements or other activities
- Resource requirements
- Significant risk exposures and control issues, including fraud risks, governance issues and other matters requiring the attention of or requested by the Board / AC
- Any response to risk by management that may be unacceptable
- The internal audit activity's purpose, authority, responsibility
- The internal audit activity's conformance with the Institute of Internal Auditor's (IIA) Code of Ethics and Standards, and action plans to address any significant conformance issues

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The Chief Auditor also coordinates activities, where possible, and considers relying upon the work of the internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

3. INDEPENDENCE

The Chief Auditor will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, matters of audit selection, scope, procedures, frequency, timing, or report content. If the Chief Auditor determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased attitude that allows them to objectively perform engagements that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair his judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties
- Initiating or approving transactions external to the internal audit activity.
- Directing the activities of any employee not employed by Audit Division, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Chief Auditor has or is expected to have roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Auditor will confirm to the AC, at least annually, the organizational independence of the internal audit activity.

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The Chief Auditor will disclose to the AC any interference and related implications in determining the scope of internal auditing, performing work and / or communicating results.

4. RESPONSIBILITY

The Chief Auditor has the responsibility to:

- Submit at least annually, to Senior Management and the AC a risk-based internal audit plan for review and approval.
- Communicate to Senior Management and the AC the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan as necessary, in response to changes in business, risks, operations, systems and controls.
- Communicate to Senior Management and the AC any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Use technology-based audit and other data analysis tools such as MS Excel and Audit Command Language (ACL).
- Follow up on engagement findings and corrective actions, and report periodically to Senior Management and the AC any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.
- Ensure that Audit Division collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the internal audit charter.
- Ensure that Audit Division has appropriate training and education necessary to perform their functions and roles and to be updated with current developments in audit, risk, governance and IT among others.
- Ensure that the Audit Division are given opportunities for career development within Audit or in areas outside of audit.
- Ensure trends and emerging issues that could impact Insular Group are considered and communicated to Senior Management and the AC as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide Audit Division.
- Ensure adherence to relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflict will be resolved or otherwise communicated to Senior Management and the AC.
- Ensure conformance of the internal audit activity to the Standards with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by regulatory institutions, the Chief Auditor will ensure that the internal audit activity conforms to the Standards, even if the internal audit activity also conforms to the more restricted requirements of the regulatory institutions.

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- *Ensures that all internal audit policies, processes and procedures are properly coordinated and aligned with those of the other governance units of the Company, i.e., Governance and Compliance/ Enterprise Risk Management/ Information Security.*

5. AUTHORITY

The Chief Auditor functionally reports to the AC and administratively to the Executive Chairman. To establish, maintain and assure that Insular Group's Audit Division has sufficient authority to fulfill its duties the AC will:

- Approve the Audit Charter.
- Approve the risk-based audit plan.
- Receive communications from the Chief Auditor on Audit Division's performance relative to the plan and other matters.
- Make appropriate inquiries of management and the Chief Auditor to determine whether there are inappropriate scope or resource limitations.

The Chief Auditor will have unrestricted access to, and communicate and interact directly with the AC, including in private meetings without management present.

The AC authorizes Audit Division to:

- Have full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel in units within the Insular Group where audits are to be performed.
- Obtain assistance from the necessary personnel of Insular Group, as well as other specialized services from within or outside Insular Group to complete the engagement.
- Have full and free access to the AC.

6. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The internal audit activity governs itself by adherence to mandatory elements of The Institute of Internal Auditors' International Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing, The Chief Auditor will periodically report to Senior Management and the AC regarding Audit Division's conformance to the Standards and the Code of Ethics .

7. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the Audit Division conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

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The quality assurance and improvement program include continuous learning by Audit Division. Continuous learning such as regular attendance to training programs, learning sessions and conferences offered by various institutions such as the IIA.

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