

**Liverpool Victoria Financial Services Limited ("LVFS")
and LV Bonds plc ("LVB")
Audit Committee ("Committee")
Terms of Reference**

Status and Source of Authority	<p>Sub-committee of the Board of Directors of LVFS (LVFS Board) and LVB (LVB Board).</p> <p>Authority is derived from the LVFS Board's establishment of the Committee and the approval by the Board of these Terms of Reference on 30 January 2026 on behalf of LVFS and LVB. These Terms of Reference replace in their entirety those last adopted on 23 January 2025.</p>
Main purpose	<ul style="list-style-type: none"> • To review the effectiveness of the internal control framework and risk management systems. • To monitor and review the financial reporting process and outputs so as to ensure the balance, transparency and integrity of published financial information and the process for monitoring compliance with laws and regulations affecting financial reporting. • To review the effectiveness of the Internal Audit function (whose remit covers all risk classes) and the effectiveness of the external audit process (the remit for which is external reporting matters), including the appointment or reappointment of the external auditor and the use of the external auditor for non-audit work.
Membership	<ul style="list-style-type: none"> • At least three members, all of whom shall be independent Non-Executive Directors (NEDs) of LVFS; one of which to be the Chair of the Committee. • At least one member must possess recent and relevant financial experience, and the Committee as a whole must have competence relevant to the sector in which the Company operates. • The Committee shall include at least one member of the Risk Committee. • The Chair of the Board must not be the Chair or a member of the Committee but can attend. • Appointments to the Committee are made by the Board on the recommendation of the Remuneration and Nomination Committee and in consultation with the Chair of this Committee. • In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board. • On any vote of the Committee, the majority shall prevail, with the Chair holding the casting vote.
In attendance	<p>Regular attendees:</p> <ul style="list-style-type: none"> • Chief Executive Officer (CEO) • Chief Finance Officer (CFO) • Chief Risk Officer (CRO) • Chief Internal Auditor • External Auditor <p>The Committee may also invite such other persons to its meetings to observe, report, answer questions or make presentations, as it deems necessary. The External Auditors' lead partner will generally be invited to attend. All other Board NEDs have a standing invitation to attend.</p>
Secretary	<p>The Company Secretary (or his / her delegate) shall act as Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.</p>

Quorum	Two members.
Meeting frequency	<ul style="list-style-type: none"> Meetings shall be held not less than four times a year corresponding with LVFS and LVB's financial reporting cycle. Within the above meetings, the Committee will meet with the External Auditor and Chief Internal Auditor at least once a year without management present. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, CEO, CFO, External Auditor and Chief Internal Auditor.
Notice of Meeting	<ul style="list-style-type: none"> Meetings may be convened by the Secretary, at the request of the Committee Chair, any of its members or the Chief Internal Auditor or External Auditor. In circumstances where a decision is required to be made in a timely fashion, the interim meeting may take place by email and shall be valid if the email has been circulated to all members of the Committee and the decision is approved by a quorum. Notice of any Committee meeting must indicate: a) its proposed date and time; b) where it is to take place; and c) if the members will not be in the same place, how they should communicate with each other during the meeting. The Secretary shall circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of each meeting.
Minutes and Reporting	<ul style="list-style-type: none"> The Secretary shall minute an accurate record of the proceedings and decisions of the Committee. The draft of the minutes, as approved for issue by the Chair, shall be presented at the next meeting of the Committee for formal adoption. Where meetings take place by exchange of email, copies of the emails shall be included in the minute book as the minutes of the email meeting. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
Conflicts of Interest	The Secretary shall ascertain any conflicts of interest of members of the Committee at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes. The Chair may require any such conflicted member to withdraw from the meeting whilst the matter is considered by the Committee.
Engagement with Members	The Committee Chair should attend the Annual General Meeting to answer any Member questions on the Committee's activities. In addition, the Committee should seek engagement with Members on significant matters related to the Committee's areas of responsibility.
Decide	<p>The Committee will decide on the following matters on behalf of the Board:</p> <p><u>Internal Control</u></p> <ol style="list-style-type: none"> Annual Attestation report to the Board (based upon submissions by management), including commentary on the effectiveness of the system of internal controls, covering all key controls, including financial, actuarial, operational and compliance controls and risk management systems and matters identified by second line risk. Actions arising as a result of any material breach from any testing of the system of internal controls by either the Internal Audit function or the External Auditor, or issues raised by the Board Risk Committee. Actions to be taken to address any material breach in the "Use of the External Auditor for Non-Audit Purposes" policy. Procedures for dealing with external complaints regarding accounting, reporting, internal control or auditing matters. <p><u>Financial Reporting</u></p> <ol style="list-style-type: none"> The basis upon which the interim Solvency UK results/accounts are produced. (Other

	<p>than Annual which is recommended to the Board for approval – see 'Recommend (1)').</p> <p><u>External Audit</u></p> <ol style="list-style-type: none"> 6. The terms of engagement of the External Auditor in respect of audit services provided and the engagement letter issued by the External Auditor at the start of each audit, ensuring that it has been updated to reflect changes in circumstances arising since the previous year. The scope of the external audit should be reviewed by the Committee with the External Auditor. If the Committee is not satisfied as to its adequacy it should arrange for additional work to be undertaken. 7. The annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team. 8. The policy for the "Use of the External Auditor for Non-Audit Purposes". 9. The practice for the "Employment of former employees of the External Auditor" as declared within the annual review of the use of the External Auditor. 10. The remuneration to be paid to the External Auditor in respect of audit services provided, having satisfied itself that the level of fee payable is appropriate and that an effective, high quality, audit can be conducted for such a fee. 11. The selection procedure for the appointment of the Audit firm. The process should be managed in accordance with applicable Code and regulatory requirements. <p><u>Internal Audit</u></p> <ol style="list-style-type: none"> 12. The annual Internal Audit Plan and Internal Audit Charter, which includes the Internal Audit Mandate and the scope and types of internal audit services, and any subsequent changes to it. 13. The structure, organisation and resources allocated to the Internal Audit function, which ensures the function has the necessary resources to meet its Mandate. 14. Appointment or termination of appointment of the Chief Internal Auditor. 15. The Chief Internal Auditor's continued independence and objectivity if their tenure exceeds seven years. <p><u>Other</u></p> <ol style="list-style-type: none"> 16. On an annual basis, the Model Risk Management Framework. 17. The policy for authorising claims for expenses from the directors (both Executive and Non-Executive).
<p style="text-align: center;">Recommend</p>	<p>The Committee will recommend to the LVFS Board on the following matters:</p> <p><u>Financial Reporting</u></p> <ol style="list-style-type: none"> 1. All external financial reporting for LVFS (except for Decide 5), together with the supporting narrative. 2. LVFS' Annual Report and Accounts. 3. The fair, balanced and understandable assessment of the Annual Report. 4. The Going Concern and Viability Statement. 5. The statements included in the Annual Report in relation to internal control. 6. LVFS' PRA annual Solvency UK returns (public QRTs). 7. The Group's annual Solvency UK Valuation Report. 8. The annual narrative Solvency UK Pillar 3 reporting, specifically the Solvency and Financial Condition Report (SFCR). As a public report, this will also be reviewed by the Disclosure Committee and approved for release. 9. LVFS' annual Sustainability Report, including TCFD disclosures. 10. The Regulatory Reporting and Disclosure Standard (where changes are considered

	<p>material, else delegated to the CFO).</p> <ol style="list-style-type: none"> 11. Any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation. 12. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board. <p><u>External Audit</u></p> <ol style="list-style-type: none"> 13. Appointment, annual re-appointment and removal of the External Auditor (see oversight (12-18)). <p><u>Other</u></p> <ol style="list-style-type: none"> 14. The Matching Adjustment Attestation Policy where material changes are proposed and outside the authority of the Asset and Liability Committee. 15. Changes to modus operandi of the Committee resulting from the annual effectiveness review and any changes to its Terms of Reference. <p><u>To the relevant subsidiary Board:</u></p> <ol style="list-style-type: none"> 16. The Accounts of material subsidiaries of the Group, in particular LVB. As issuer of the debt, the governance for the LVB Accounts will also require Disclosure Committee approval prior to release to the market.
Oversight	<p><u>Internal Control</u></p> <ol style="list-style-type: none"> 1. Oversight and monitoring of the Company's internal financial controls systems that identify, assess, manage and monitor financial risks. 2. Review the systems and controls for the prevention of bribery and detection of fraud and receive reports on non-compliance. 3. Oversight of the appropriateness of management's responsiveness to findings in Internal Audit reports and recommendations. 4. Oversight of the implementation of the Policy for the "Use of the External Auditor for Non-Audit Purposes" and the commissioning of non-audit services from External Auditors, by committees/individuals other than the Committee. <p><u>Financial Reporting</u></p> <ol style="list-style-type: none"> 5. Oversight, on behalf of the LVFS Board, of the private quarterly and annual Quantitative Reporting Templates (QRT) and the Financial Stability Reporting which have been delegated to the Chief Finance Officer to approve. 6. Review the appropriateness of, and any changes to, accounting policies both on a year-on-year basis and across the Group including where necessary, that appropriate estimates and judgements have been made. 7. Review the methods used to account for significant or unusual transactions where different approaches are possible. 8. Oversight of the progress made to address the internal control recommendations raised by the External Auditor as part of the year-end audit process. <p><u>Finance Function</u></p> <ol style="list-style-type: none"> 9. Oversight and monitoring of the effectiveness of the Finance function to ensure that it has adequate resources, skills and experience to fulfil its role. <p><u>Internal Audit Function</u></p> <ol style="list-style-type: none"> 10. Oversight and monitoring of the independence and effectiveness of the Internal Audit function, including the results of the Internal Audit quality assurance and improvement programme. The Chief Internal Auditor will also highlight any changes made to those "essential conditions" documented in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function. The

	<p>Committee will also consider engaging an independent, external facilitator every five years to perform an external quality assessment of the function and its activities.</p> <p>11. Oversight of the Internal Audit function to ensure it has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the Internal Audit function evaluates the effectiveness of these functions as part of its Internal Audit plan, and ensure that the Internal Audit function is equipped to perform in accordance with appropriate professional standards for internal auditors.</p> <p><u>External Auditor</u></p> <p>12. Review any representation letter(s) requested by the External Auditor before signed by management.</p> <p>13. Review management’s response to findings in the External Auditor’s reports and recommendations.</p> <p>14. Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the External Auditor and the Group (other than in the ordinary course of business).</p> <p>15. Monitor the External Auditor’s independence, conflicts of interest, employment of former employees of the External Auditors to the LV= Group and non-audit work provided to LV=.</p> <p>16. Annually assess the qualifications, expertise and resources, and independence of the External Auditor to support the recommendation on whether to propose the re-appointment of the External Auditor to the LVFS Board and Members.</p> <p>17. Annually assess the effectiveness of the external audit process.</p> <p>18. Review the FRC’s annual report on the External Auditor and seek an understanding from the Auditor of how any issues identified are being addressed.</p>
Consult (With Profits Committees)	Not applicable.
Notify (With Profits Committees)	Not applicable.
Delegated Authorities	<p><u>Delegation onwards (for a recommendation back)</u> Not applicable.</p> <p><u>Delegation onwards (unconditional)</u></p> <p>Chief Finance Officer to:</p> <ul style="list-style-type: none"> - Approve the private QRTs. - Approve non-material changes to the Regulatory Reporting and Disclosure Standard.
Escalation	<p><u>To:</u></p> <p>The LVFS Board and LVB Board.</p> <p><u>From:</u></p> <p>Chief Risk Officer, Money Laundering Reporting Officer, Chief Finance Officer and Chief Internal Auditor.</p> <p>Remuneration and Nomination Committee, Risk Committee, LVFS Subsidiaries Board and Disclosure Committee.</p>
Guidance Notes	<p><u>General</u></p> <p>1. As the Committee is a sub-committee of two Boards within the Group, it is expected that matters detailed in either the “Decide” or “Recommend” sections of this Terms of Reference will be carried out by the Committee on behalf of those Boards or it will specify the Board to which its action does apply. In rare cases, as a result of its fiduciary responsibilities and subject to the Articles of Association of either Company and Terms of Reference of the LVFS Board, the LVB Board may also decide or recommend on these matters. Where this has occurred, the LVB Board must bring</p>

this to the attention of both the LVFS Board and the Committee.

Financial Reporting

2. The Annual Report should comply with all applicable accounting, statutory and governance legislation and regulations including, but not limited to, the Companies Act 2006, the Companies (Miscellaneous Reporting) Regulations 2018, the Disclosure, Guidance and Transparency Rules, the Financial Reporting Council and the corporate governance code which has been adopted by the Board.
3. Within the Annual Report and taking into account the Group's current position and principal risks, the Committee should explain how it has assessed the prospects of LVFS and over what period it has done so and why it considers that period to be appropriate. The Committee should consider whether it has a reasonable expectation that the Group should be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions necessary.
4. The Annual Report should include:
 - the significant issues that the Committee considered relating to the financial statements, and how these issues were addressed;
 - an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
 - in the case of the Board not accepting the Committee's recommendation on the External Auditor appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment); and
 - an explanation of how independence and objectivity are safeguarded, if the External Auditor provides non-audit services.

External Audit

5. The Committee should annually review, with the External Auditors, the findings of their work. In the course of its review, the Committee should consider the guidance set out in the FRC's Audit Committees and the External Audit: Minimum Standard.
6. The Committee should review the audit representation letters before signature and give particular consideration to matters where representation has been requested that relate to non-standard issues. The Committee should consider whether the information provided is complete and appropriate based on its own knowledge.
7. The audit services contract should be put out to tender at least once every ten years. The Committee should consider the guidance set out in the FRC's Audit Committees and the External Audit: Minimum Standard when conducting a tender process. The Committee should monitor the Company's non-audit relationships with audit firms to ensure it has a fair choice of suitable external auditors at the next tender.
8. If the External Auditor resigns, the Committee should investigate the issues giving rise to such resignation and consider whether any action is required.

Annual Review of the External Auditor

9. At the end of the annual audit cycle, the Committee should assess the effectiveness of the audit process, and the External Auditor in line with applicable guidance including the FRC's Audit Committees and the External Audit: Minimum Standard.

Internal Audit

10. In its review of the work of the Internal Audit function, the Committee should:
 - annually reassess and discuss with the Chief Internal Auditor the need for any changes to the authority, role, responsibilities, scope, or services (assurance and/or advisory) of the Internal Audit function;

- ensure that the Chief Internal Auditor has direct and unrestricted access to the Board Chair and to the Committee, including private meetings without senior management present, and is accountable to the Committee;
- annually review the independence and effectiveness of the Chief Internal Auditor and Internal Audit function;
- receive a report on the results of the Internal Auditors' work on a periodic basis, including performance against the approved Internal Audit Plan, and make appropriate inquiries of senior management and the Chief Internal Auditor to determine whether any scope or resource limitations communicated are inappropriate;
- consider all significant observations escalated to it by the Chief Internal Auditor and assesses the adequacy of management's response to these observations;
- monitor and assess the role of the Internal Audit function in the overall context of the risk management system and work of Compliance, Finance and the External Auditor; and
- consider whether an independent, third-party review of the process is undertaken every five years.

11. In the event of the resignation or removal of the Chief Internal Auditor, the Committee will collaborate with senior management to determine the qualifications and competencies the organisation expects in the next Chief Internal Auditor, considering those described in the Global Internal Audit Standards.

Relationships and Reporting to Other Boards or Committees

12. The Board authorises the Committee, within the scope of its responsibilities, to engage independent counsel and other advisers as it deems necessary to carry out its duties.
13. The Board authorises the Committee, within the scope of its responsibilities, to have unrestricted access to management, employees and relevant information.
14. LVFS Subsidiaries will seek to take account of the work of the Committee to the extent that the latter considers matters relevant to these subsidiaries.

Decision Making

15. Where applicable, when making a decision or recommendation, the Committee shall consider each of the following points (and, where not applicable, specifically note in the minutes as such):
- The impact of the decision/ recommendation upon the current and future solvency and liquidity of the Group and any subsidiaries of LVFS affected; and
 - The effect that variations in key assumptions would have upon the risk, solvency and performance impacts of the proposal.
 - The impact of the recommendation on key stakeholders, notably customers and/or members, and alignment with LVFS' Consumer Duty requirements.

Effectiveness

16. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and of LV's business, operations and risks.
17. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and Secretariat for advice and assistance as required.
18. The Committee will monitor developing trends and changes in legislation to assess the impact (if any) to LVFS in so far as they relate to matters relevant to the Committee.
19. On an annual basis the Committee will conduct a review of its performance having regard both to the discharge of its requirements under the Terms of Reference and the areas of priority set. The Remuneration and Nomination Committee will decide the process for the Board and all Board Committee annual performance reviews. The

	<p>Committee will report accordingly to the Board with any recommendations from the review.</p> <p>20. The Committee will keep its Terms of Reference under review and will propose to the Board amendments to the Terms of Reference as necessary to ensure that they continue to be appropriate and reflect any issues which arise from the effectiveness review. The review should also ensure that the Terms of Reference, taken in its entirety, adequately reflects the latest Financial Reporting Council (FRC) Guidance on Audit Committees.</p> <p>21. At the end of each meeting the Committee will briefly consider the effectiveness of the meeting, taking into account the quality of the papers and debate, the sufficiency of time and its appropriate allocation across matters relative to their respective importance.</p>
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Supersedes Version	2025-01-23 Audit Committee ToR (Board Approved)
Effective From - To	23 January 2025 – 30 January 2026