

## Internal Audit Charter

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Version: 2.0

# VERSION HISTORY

| Version | Date             | Author      | Approval <sup>1</sup>             | Comments  |
|---------|------------------|-------------|-----------------------------------|---|
| V.1.0   | 19 February 2017 | Jack Euwema | Michael Steinbach<br>Eric Dralans | First version approved by CEO and endorsed by AAC             |
| V.1.1   | 19 April 2018    | Jack Euwema | Michael Steinbach                 | Approval update version based on DNB comments and IIA review. |
| V.2.0   | 16 August 2018   | Jack Euwema |                                   | Finalized version after approval and review                   |

This charter sets out the frame (function, authority, responsibility and activity overviews) within which Internal Audit operates. It explains the internal audit process, as well as the role of the audit function within equensWorldline. It helps to clarify the responsibilities of General Management and the role of Internal Audit in ensuring that the required quality of internal and business controls and systems are maintained by equensWorldline Functions and Operations.

Within its oversight role the Audit & Accounting Committee of equensWorldline is responsible for monitoring correct application of this Internal Audit Charter.

The Internal Audit Charter will be maintained by the General Manager Internal Audit of equensWorldline on a yearly basis in order to ensure compliance with (relevant) legislation, regulations and audit standards and to ensure alignment with organizational developments. Changes will be presented for approval and endorsement by the CEO and Audit & Accounting Committee of equensWorldline.

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<sup>1</sup> Versions 1.0 and 1.1 are presented and approved by the CEO of equensWorldline and the chairman of the equensWorldline Audit & Accounting Committee

| Role           | Name              | Function  |
|----------------|-------------------|---|
| Reviewers      | Cedric Lempereur  | Head of Atos Group Internal Audit                 |
| Approver       | Michael Steinbach | Chief Executive Officer equensWorldline           |
| Document Owner | Jack Euwema       | General Manager Internal Audit<br>equensWorldline |

## **Purpose**

### **Mission statement**

The mission of Internal Audit is to provide an independent assurance by examining and evaluating the adequacy and effectiveness of the Company's system of internal control.

This mission is performed through a systematic disciplined approach to evaluate and improve the effectiveness of the risk management, internal control, and governance processes, which enables management to be more effective in meeting its business objectives and in fulfilling its obligations to equensWorldline stakeholders and regulators.

### **Corporate Governance**

equensWorldline General Management has a responsibility to stakeholders to increase the value of the business while safeguarding the assets and the integrity of the Corporation.

This is accomplished through a system of internal control designed to provide reasonable assurance that laws and regulations are complied with; that instructions and directional guidelines fixed by General Management are applied; that company's internal processes are functioning correctly, particularly those involving the security of its assets; that financial & management information is reliable.

Internal Audit is an integral component of this system. General Management relies on Internal Audit for providing an ongoing evaluation of the internal control and supporting operational management in the definition of action plans for continuously improving internal processes.

The Audit & Accounting Committee (set up by the Supervisory Board) can also request Internal Audit's feedback to this purpose.

# Organization

## Internal Organization

All Internal Audit staff assigned to Internal Audit of equensWorldline, regardless of geographical location, will report into the General Manager Internal Audit of equensWorldline.

## Relationships

### *With General Management and the Audit Committee*

Hierarchically the General Manager Internal Audit of equensWorldline reports directly into the CEO of equensWorldline with a dual reporting line to the Chairman of the Audit & Accounting Committee for accomplishment of Internal Audit's objectives in accordance with this Internal Audit Charter. Appointment, appraisal, promotion and dismissal of the General Manager Internal Audit are responsibility of the CEO whereas all of these decisions need to be endorsed by the Audit Committee of equensWorldline.

### *With Atos Group Internal Audit*

A functional reporting line to the Head of Atos Group Internal Audit ensures alignment of professional audit practices and efficient and optimized use of audit resources avoiding duplication of audit efforts. The dotted line with the Group Internal Audit should also ensure alignment with corporate audit methodology, standards and tooling safeguarding the consistency of audit standards and approaches applied.

### *With the External Auditors*

Internal Audit liaises with the external auditors to achieve a proper coordination through complementary programs (scope of work and coverage) and sharing of relevant information.

Internal Audit, in cooperation with External Service Auditors or alone, may form an opinion of the quality of Business, Finance and IT controls to external third parties (clients, regulatory bodies, ...), in accordance with Audit plan.

### *With the Compliance and Business Assurance functions (3 lines of defence)*

The Supervisory Board of equensWorldline oversees the governance and control framework that the Board of Directors of equensWorldline has established, reflecting the multiple lines of defence (in the context of the adopted three lines of defence model).

Business management, in its role as the "first line of defence" (risk and control ownership), executes the business plans and takes care of proper implementation and operation of internal controls and adequate response to events.

Internal audit acts as a "third line of defense" (independent assessment) in the whole assurance framework organization and may therefore cooperate with or evaluate (re-assurance role) the "second line of defense" (monitoring functions composed by Legal, Risk Management, Internal

Control, Quality, Security...). Internal Audit establishes an (audit) opinion on the effectiveness of processes and procedures that are a substantial part of the 3 Lines of Defence model.

**With National and European regulatory supervisors**

National regulatory supervisors and increasingly European regulatory supervisors apply regulations not only within the boundaries of the customers as individual legal entities but along the whole process chain as well. As a consequence equensWorldline’s control system, including equensWorldline Internal Audit needs to be in compliance with (relevant) national/European regulations.

**Frequency of reporting:**

| <b>Report</b>                      | <b>To</b>                       | <b>Frequency</b>      |
|------------------------------------|---------------------------------|-----------------------|
| Internal Audit annual plan         | Audit & Acc. Ctee<br>BoD and MC | 1 / year<br>1 / year  |
| Audit plan progress and update     | Audit & Acc. Ctee<br>BoD        | 4 / year<br>4 / year  |
| Follow-up of Audit recommendations | Audit Committee<br>BoD & MC     | 2 / year<br>1 / month |
| Audit ratings consolidation        | Audit & Acc. Ctee<br>BoD & MC   | 4 / year<br>4 / year  |
| Consolidated audit results         | Audit & Acc. Ctee<br>BoD & MC   | 4 / year<br>4 / year  |

Request for access to audit files from an external party will only be granted after approval granted to the General Manager Internal Audit by the equensWorldline Board of Directors. This restriction does not apply to equensWorldline’s External Auditor, Regulatory supervisors of equensWorldline and Atos Group Internal Audit, who are entitled to request for final equensWorldline Internal Audit reports and access to audit files.

## **Authority**

### **Unrestricted scope**

The scope of Internal Audit includes any activity necessary to provide an overall assessment of the system of internal control. Included in the scope of equensWorldline Internal Audit's remit are all of equensWorldline's activities and entities, including activities of subsidiaries, outsourced activities unless (contractually) differently agreed.

### **Access and confidentiality**

In accomplishing his activities, Internal Audit has free, full and unrestricted access to all necessary records, operations, files, properties and personnel relevant to any function under review and liaises directly with the members of the General Management. Internal Audit handles all documents and information in a confidential and secure manner in accordance with ruling policies.

### **Limitation of authority & responsibility**

In order to safeguard its independence and autonomy, Internal Audit has no direct or indirect authority over any of the activities that would be reviewed or the personnel that would be involved.

Internal Audit has no operating responsibility over the departmental operations that it audits. Internal auditors will not develop and install procedures, prepare records, make management decisions, or engage in any other activity which could be reasonably construed to compromise their independence.

However, in connection with the complementary objectives of this audit function, Internal Audit will recommend policies and procedures for approval and implementation by appropriate management. Therefore, internal audit review and appraisal do not in any way substitute for other activities or relieve other persons in the organization of the responsibilities assigned to them.

Internal Audit receives and is in charge of a budget as approved by the equensWorldline Board of Directors and Audit Committee. This budget should enable Internal Audit to maintain its risk based coverage, both in quantity and quality, of equensWorldline's Governance, Risk management and Control processes and maintain its professionally required skills and competences.

The General Manager Internal Audit of equensWorldline has the formal obligation to inform the Board of Directors of equensWorldline and ultimately the Audit & Accounting Committee of material issues (action, event, decision, lack of resources etc.) that limits, or could limit the execution of the scope of equensWorldline Internal Audit activities.

## Responsibilities

### Main activities

Internal Audit provides professional and independent assurance and review services supporting equensWorldline in achieving its objectives and controlling its risks. Internal Audit assesses the effectiveness of Governance, Risk management and Control processes, recommending improvements for detected deficiencies and monitoring the adequacy of necessary follow-up with regards to recommended improvements. In order to ensure consistency and avoid duplication of efforts the equensWorldline Internal Audit universe and annual audit plan are closely aligned with the Atos/Worldline Audit universe and annual plan.

The equensWorldline Internal Audit annual plan is approved by the equensWorldline Board of Directors and endorsed by the equensWorldline Audit & Accounting Committee.

This approved annual Audit plan in combination with the Audit Methodology as described in the Atos/Worldline Group Internal Audit manual is the basis for operational planning and control of all audit activities.

Internal Audit may also provide management with advices and recommendations through “consulting” engagements (in the domains of internal control, risk and governance) to the extent that Internal Audit independence is not impaired.

### Communication to management

Internal audit has a responsibility to communicate audit conclusions through verbal debriefings and written reports addressed to relevant managers.

In addition, internal audit deploys a proactive role toward the management, through dedicated committees held with General Management.

### Responsibility for follow up of corrective actions

All audit results are reported to operational management, who is responsible for determining and implementing the corrective actions necessary to eliminate deficiencies in the system of internal control. Internal Audit conducts regular follow-up procedures to check that the corrective actions implemented by operational management are effective in strengthening internal controls. If the proper corrective actions are not taken, the Internal Audit is responsible for presenting a report on significant matters to General Management, Board of Directors and Audit & Accounting Committee.

The report will not only be made available to the BoD and Audit & Accounting Committee but will also be provided to other stakeholders such as (Atos) Group Internal Audit, Regulatory Supervisors and External (financial) auditors (upon request).



## Conformity with Standards for Professional Practice of Internal Auditing

equensWorldline is committed to the professional practice of internal auditing. Internal audit requires adherence of its employees with “The Institute of Internal Auditors (IIA)” Code of Ethics and/or other relevant code of ethics as required by (local) professional audit organizations (e.g. Code of Ethics NOREA for Dutch based IT Auditors).

Internal (IT) audit assignments are conducted in conformance with the Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing or with other relevant (local) applicable professional practices (e.g. professional standards for IT Auditors of NOREA in NL).

The requirements of IIA standards are translated in the Audit Methodology that requires notably:

- A yearly Internal Audit plan, based on a risk based approach applied on the Audit Universe,
- An engagement letter validated by General Management prior to any mission,
- An assignment letter for each audit that highlights the objectives, the scope, the approach and the key risks that will be addressed during the Audit,
- A formal report after each audit gathering corrective actions and management responses to be taken with regard to specific findings and recommendations,
- The communication and presentation to management of audit conclusions,
- The follow-up of timely implementation of corrective actions.

Internal and external assessments will be performed at least every three years to assess the conformity with those standards. The results of those assessments will be shared with the Board of Directors and the Audit Committee.

equensWorldline Internal Audit management and staff need to ensure that they have up to date knowledge of both internal audit and their respective business competence. Internal Audit staff will be provided with resources and opportunities to meet requirements concerning professional education in terms of skills, knowledge and competences.

## Approval

This version (2.0) of the Charter has been approved on 19 April 2018

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|------------------------|
| <b>CEO</b>             |
| <b>equensWorldline</b> |
| Michael Steinbach      |