

# Close Brothers Group plc

## Group Internal Audit Charter

**Executive Owner:** Naz Kazi, Group Head of Internal Audit  
**Managing Owner:** Anthony Goldstein, Head of Professional Practices  
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**Approval By:** CBG Audit Committee  
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## Document Maintenance and Revision History

This document will be reviewed as necessary and at least annually by the Group Head of Internal Audit and updated by the Head of Professional Practices. This is to ensure that the purpose, authority, roles and responsibilities, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. Amended versions will be subject to approval by the Close Brothers Group Audit Committee. A summary of changes is shown below.

# Group Internal Audit Charter

## Purpose

Group Internal Audit (GIA) is established by the Audit Committee (a committee of the Group Board of Directors (Board)) of Close Brothers Group plc (CBG). GIA's responsibilities are defined by the Audit Committee as part of their oversight function. The operation of GIA is governed by this audit charter.

The purpose of GIA is to strengthen CBG's ability to create, protect and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight and foresight.

GIA enhances CBG's:

- Successful achievement of its objectives.
- Governance, risk management and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

## *Commitment to Adhering to the Global Internal Audit Standards and Code*

GIA will adhere to the mandatory elements of The Institute of Internal Auditors (IIA) International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. GIA will also adhere to the Chartered IIA's Internal Audit Code of Practice (the Code). The Group Head of Internal Audit (GHIA) will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards and Code, which will be assessed through a quality assurance and improvement program.

## Mandate

The CBG Audit Committee grants GIA the mandate to provide the Audit Committee and senior management with objective assurance, advice, insight and foresight.

## Authority

GIA authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

The Audit Committee authorizes GIA to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of CBG and other specialized services from within or outside CBG to complete internal audit services.

### *Independence, Organisational Position, and Reporting Relationships*

The GHIA will be positioned at a level in the organisation that enables GIA services and responsibilities to be performed without interference from management, thereby establishing the independence of GIA.

The GHIA will report functionally to the Audit Committee Chair and administratively (i.e., day-to-day operations) to the Chief Executive Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The GHIA will confirm to the Audit Committee, at least annually, the organisational independence of GIA. If the governance structure does not support organisational independence, the GHIA will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

The GHIA will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on GIA effectiveness and ability to fulfil its mandate.

### *Changes to the Mandate and Charter*

Circumstances may justify a follow-up discussion between the GHIA, Audit Committee and senior management on the GIA mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards and/or the Code.
- A significant acquisition or reorganisation within the organisation.
- Significant changes to the Audit Committee, senior management and/or to the GHIA.
- Significant changes to the organisation's strategies, objectives, risk profile or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### *Audit Committee Oversight*

To establish, maintain, and ensure that CBG's GIA has sufficient authority to fulfil its duties, the Audit Committee will:

- Discuss with the GHIA and senior management the appropriate authority, role, responsibilities, scope and services (assurance and/or advisory) of GIA.
- Ensure the GHIA has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the GHIA and senior management other topics that should be included in the internal audit charter.

- Approve the GIA charter. Review the GIA charter annually with the GHIA to consider changes affecting the organisation, such as the employment of a new GHIA or changes in the type, severity and interdependencies of risks to the organisation.
- Approve the risk-based internal audit plan.
- Approve GIA human resources administration and budgets and GIA's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a GHIA, as described in the Global Internal Audit Standards and the Code.
- Authorize the appointment and removal of the GHIA, approve the remuneration of the GHIA and review the GHIA's performance.
- Receive communications from the GHIA about GIA, including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the GHIA to determine whether scope or resource limitations are inappropriate.

## GHIA Roles and Responsibilities

### *Ethics and Professionalism*

The GHIA will ensure that internal auditors:

- Conform with the Global Internal Audit Standards and the Code, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### *Objectivity*

- The GHIA will ensure that GIA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing and communication. If the GHIA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, such that they believe in their work product, do not compromise quality and do not subordinate their judgment on audit matters to others, either in fact or appearance.
- Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop

procedures, install systems or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for CBG or its affiliates.
- Initiating or approving transactions external to the GIA function.
- Directing the activities of any CBG employee that is not employed by GIA, except to the extent that such employees have been appropriately assigned to GIA teams or to assist internal auditors.

### *Internal auditors will:*

- Disclose impairments of independence or objectivity, in fact or appearance, to the Audit Committee at least annually.
- Exhibit professional objectivity in gathering, evaluating and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias and undue influence.

### *Managing the Internal Audit Function*

The GHIA has the responsibility to:

- Develop a six monthly risk-based internal audit plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in CBG's business, risks, operations, programs, systems and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure GIA's engagements are performed, documented and communicated in accordance with the Global Internal Audit Standards and the Code.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of GIA services to the Audit Committee and senior management periodically and for each engagement as appropriate.
- Ensure the GIA collectively possesses or obtains the knowledge, skills and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and the Code and fulfil the GIA mandate.
- Identify and consider trends and emerging issues that could impact CBG and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide GIA, defined in the GIA Methodology Manual.

- Ensure adherence to CBG's relevant policies and procedures, unless such policies and procedures conflict with the GIA charter or the Global Internal Audit Standards and the Code. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the GHIA cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.
- Maintain an open, honest and constructive communication as well as information sharing with relevant regulators, external auditors and internal stakeholders.

### *Communication with the Audit Committee and Senior Management*

The GHIA will report periodically to the Audit Committee and senior management regarding:

- GIA's mandate.
- The GIA plan and performance relative to its plan.
- GIA's budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include GIA's conformance with the IIA's Global Internal Audit Standards and the Code and action plans to address GIA's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues and other areas of focus for the Audit Committee.
- An annual opinion of the overall effectiveness of the governance, risk and control framework of CBG, supported by analysis of themes and trends emerging from GIA's audit work and the impact on the CBG's risk profile.
- Results of assurance and advisory services, including significant errors or omissions.
- Resource requirements.
- Management's responses to risk that GIA determines may be unacceptable or acceptance of a risk that is beyond CBG's risk appetite.

### *Quality Assurance and Improvement Program*

The GHIA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of GIA. The program will include external and internal assessments of GIA's conformance with the Global Internal Audit Standards and the Code, as well as performance measurement to assess GIA's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address GIA's deficiencies and opportunities for improvement.

Periodically, the GHIA will communicate with the Audit Committee and senior management about the GIA's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments

will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside CBG.

## Scope and Types of Internal Audit Services

The scope of GIA services covers the entire breadth of the organisation, including all CBG's activities, assets and personnel. The scope of GIA activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management and control processes for CBG (including the revised scope areas of the Code).

The nature and scope of advisory services may be agreed with the party requesting the service, provided GIA does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

GIA engagements may include evaluating whether:

- Risks relating to the achievement of CBG's strategic objectives are appropriately identified and managed.
- The actions of CBG's officers, directors, management, employees, and contractors or other relevant parties comply with CBG's policies and procedures and applicable laws, regulations and governance standards.
- The results of operations and programs are consistent with established goals and objectives. Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact CBG.
- The integrity of information and the means used to govern, identify, measure, analyse, classify and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably and adequately protected.
- Key corporate events, including; acquisitions, divestments, outsource decisions, new product initiatives, operations or programmes are being carried out effectively and efficiently and the results are consistent with established goals and objectives.

The GHIA also coordinates activities and considers relying upon the work of external assurance and consulting service providers as needed (including outsourced / co-sourced arrangements managed under individual contracts and Statements of Work). In evaluating the effectiveness of internal controls and risk management processes, GIA does not rely exclusively on the work of other internal control functions. GIA examines, for itself, an appropriate sample of the activities under review.

**Approved by the Close Brothers Group Audit Committee on 21 January 2025.**