

# **INTERNAL AUDIT CHARTER**

**HARGREAVES  
LANSDOWN**

## Purpose

The purpose of the internal audit function is to provide independent, risk-based and objective assurance, advice, insight and foresight to the board and management of Hargreaves Lansdown Limited (“HL Group”). This is done by reporting on the adequacy and effectiveness of the system of internal controls, the governance model and the risk management framework in place, to manage risks within HL Group’s risk appetite, through:

- Evaluating and, where necessary, recommending changes to the processes and control framework implemented by management to ensure that systems and activities achieve their objectives.
- Bringing issues of concern to the notice of management and ultimately the Audit Committee.
- Challenging and influencing the development and quality of risk management activity across the HL Group.
- Developing and delivering a risk-based audit plan, as well as undertaking appropriate ad hoc investigative and review work as may be requested by the Audit Committee, other members of the board or executive management.
- Providing risk management and control advice to management, provided such activities do not conflict with Internal Audit’s independence and objectivity.
- Liaising with HL Group’s external auditors and other internal assurance providers to ensure that optimum assurance from both internal and external resources is provided.

The internal audit function adheres to The Chartered Institute of Internal Auditors' International Professional Practices Framework, including the Global Internal Audit Standards and Topical Requirements.

## Mandate

The internal audit function follows the guidelines in the Financial Conduct Authority (FCA) Handbook, ensuring the development of an independent and effective risk-based audit plan. The board empowers the internal audit function with a clear mandate to deliver objective assurance, advice, insight and foresight to both the board and senior management. This authority is reinforced by the internal audit function’s direct reporting relationship to the board, which guarantees unrestricted access and supports its independent and objective role.

## Independence

To ensure the independence and, therefore, effectiveness of the internal audit function, the Chief Internal Auditor will:

- Be positioned at a level in HL Group that enables internal audit services and responsibilities to be performed without interference from management.
- Report functionally to the Chair of the Audit Committee and administratively to the Chief Executive Officer. This positioning provides the authority and status to bring matters directly to senior management and, where necessary, escalate matters to the board without interference and supports the internal auditors’ ability to maintain objectivity.
- Interact directly with and have unrestricted access to the board, including in private sessions without the presence of senior management.
- Confirm to the board, at least annually, the independence of the internal audit function. If the governance structure does not support independence, the Chief Internal Auditor will document the characteristics of the governance structure limiting independence and any safeguards employed.
- Disclose to the board any interference internal auditors encounter related to the scope, performance or communication of internal audit work and results, including communicating the implications on the internal audit function’s effectiveness and ability to fulfil its mandate.

## Authority

The board authorises the internal audit function to:

- Have full and unrestricted access to all records, physical property and management information needed to carry out its duties on behalf of the Audit Committee. The CIA is 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 HL Group and other specialised services from within or outside HL Group to complete internal audit services.

- Have full right of access to the papers and members of the Executive Committee and the various sub-committees forming HL Group's corporate governance framework.
- Undertake appropriate ad hoc investigative and review work as may be requested by the Audit Committee, other members of the board or executive management.

Management shall not amend Internal Audit reports nor cause them to be amended before they are presented to the Audit Committee.

## Chief Internal Auditor Roles and Responsibilities

### Ethics and Professionalism

The Chief Internal Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, 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 HL Group and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in HL Group.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The Chief Internal Auditor will ensure that the internal audit function 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 Chief Internal Auditor 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 12 months.
- Performing operational duties for HL Group or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any HL Group employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose at least annually impairments of independence or objectivity, in fact or appearance, to appropriate parties, such as the Chief Internal Auditor, board, management or others.
- 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 Chief Internal Auditor has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the board for review and approval.

- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in HL Group's business, risks, operations, programs, systems and controls.
- Communicate with the board and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact HL Group and communicate to the board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to HL Group's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Internal Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

## **Communication with the Board and Senior Management**

The Chief Internal Auditor will report periodically to the board and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget and resource requirements.
- 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 the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues and other areas of focus for the board.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond HL Group's risk appetite.

## **Quality Assurance and Improvement**

The Chief Internal Auditor will develop, implement and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function'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 the internal audit function's deficiencies and opportunities for improvement.

Annually, the Chief Internal Auditor will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside HL Group.

## Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of HL Group, including all activities captured within the Audit Universe. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management and control processes.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function 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. Advisory work is permitted at the discretion of the Chief Internal Auditor.

A 12-month rolling audit plan will be formally approved every six months by the Audit Committee and prioritisation of work will reflect:

- Strategic business objectives.
- Internal Audit's assessment of risk.
- Direction of the Audit Committee.
- External industry and regulatory trends and developments.

Audits will range from assessments of compliance at operational level through to high-level strategic reviews and thematic audits. Internal audit engagements may include evaluating:

- Design and operating effectiveness of governance structures and processes of the organisation.
- Strategic and management information presented to the board.
- Setting of, and adherence to, risk appetite.
- Risk and control culture of the organisation.
- Risks of poor customer outcomes, giving rise to conduct or reputational risk.
- Capital and liquidity risks.
- Key corporate events.
- Outcomes of processes.

## Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Chief Internal Auditor, board and senior management on the internal audit 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.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Chief Internal Auditor, board and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile or the environment in which HL Group operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

## Approval

The Internal Audit Charter is reviewed by the Chief Internal Auditor and approved by the Audit Committee annually.

**Date of Approval:** 2<sup>nd</sup> February 2026