

Hargreaves Lansdown Plc

Internal Audit Charter

Mission

To help protect the assets, reputation and sustainability of the HL Group.

To assess whether all significant risks are being identified and appropriately reported to the Board and Executive Management and to assess whether these are being adequately managed.

To challenge Executive Management to improve the effectiveness of governance, risk management and internal controls.

To provide the HL Group with an independent, objective and cost-effective audit service.

Objectives

To provide reasonable assurance on the effectiveness of controls within the Group's systems and activities, 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
- following up on the implementation of agreed actions
- bringing issues of concern to the notice of management and ultimately the Audit Committee

To challenge and influence the development and quality of risk management activity across the HL Group.

To develop and deliver 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.

To provide risk management and control advice to management, provided such activities do not conflict with Internal Audit's independence and objectivity.

To liaise with the Group's external auditors and other internal assurance providers to ensure that optimum assurance from both internal and external resources is provided cost effectively.

Purpose and Responsibility

The Internal Audit department has responsibility for providing assurance to all levels of management and the Board, through its Audit Committee, on the quality of the Group's operations, with particular emphasis on systems of control, risk management and governance.

It is a review activity which does not in any way relieve line management of responsibility for effective control and management of risk.

It functions by conducting independent and objective appraisals, and reporting its findings and opinions to:

- The Audit Committee
- The Chief Executive Officer and the Executive Management team
- All relevant managers

All members of Internal Audit will behave professionally, meeting the requirements of all relevant regulatory authorities and adhering to the following professional guidance from the Chartered Institute of Internal Auditors:

- The Code of Ethics
- The Definition of Internal Auditing
- The International Standards for the Professional Practice of Internal Auditing
- Effective Internal Audit in Financial Services

Ethics and Conflicts of Interest

All member of Internal Audit will act ethically at all times in line with the Chartered Institute of Internal Auditor's (CIIA) Code of Ethics.

Any conflicts of interest will be avoided in accordance with the International Standards for the Professional Practice of Internal Auditing to maintain an impartial, unbiased approach.

Recurring Audit Findings

Instances where management fail to adequately address audit findings will be escalated to the Audit Committee where necessary.

Scope of Internal Audit Activities

The scope of Internal Audit activity includes all systems and activities at all levels and in all departments and locations throughout the Group, whether existing or under development, including but not restricted to:

- The design and operating effectiveness of governance structures and processes of the organisation.
- The strategic and management information presented to the Board
- The setting of, and adherence to, risk appetite
- The 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

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

- Perceived levels of risk
- Direction of the Audit Committee
- Concerns held by the HL Board
- Judgement of the Chief Internal Auditor
- External industry trends and developments

Audits will range from assessments of compliance at operational level through to high-level strategic reviews and themed audits. Advisory work will depend on the specific requirements of management.

Independence, Authority and Access Rights

The Chief Internal Auditor reports directly to the Audit Committee Chair.

For administrative purposes, the Chief Internal Auditor reports to the Chief Executive Officer.

Members of the Internal Audit department will not have responsibility for day-to-day management of any activity.

Internal Audit shall have full right of access to all Board members, employees, contractors, suppliers, clients and external auditors.

Internal Audit shall have full right of access to the papers and members of the Executive Committee and Subsidiary Boards.

Internal Audit shall have free and unfettered access to all records and management information needed to carry out its duties on behalf of the Audit Committee. A holder of highly confidential or sensitive information is entitled to allow access to the Chief Internal Auditor alone.

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