

Hargreaves Lansdown Plc

Internal Audit Charter

Purpose

Internal Audit shall provide objective and independent assurance to the Board of Hargreaves Lansdown plc ("HL Group") and Management 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.

Role and Responsibilities

To provide reasonable assurance on the effectiveness of the system of internal controls, governance arrangements and the risk management framework across the HL Group, 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 HL Group's external auditors and other internal assurance providers to ensure that optimum assurance from both internal and external resources is provided.

Internal Audit 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.

The Chief Internal Auditor is responsible for ensuring that the audit function is well resourced and has access to the relevant skills, knowledge and competencies required to deliver the programme of assurance.

Independence and Authority

Internal Audit derives its authority from the Board and has direct access to the Board and the Audit Committee. The Chair of the Audit Committee reports regularly to the Board on all aspects relating to the Audit Committee.

The Chief Internal Auditor is accountable to and reports to the Audit Committee Chair. For administrative purposes only, the Chief Internal Auditor also reports to the Chief Executive Officer.

The independence of Internal Audit from the operations of HL Group is fundamental to its ability to deliver objective assurance.

To reinforce its independence, the Audit Committee approves the appointment or the dismissal of the Chief Internal Auditor and through the Audit Committee Chair, reviews the performance and objectives of the Chief Internal Auditor.

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 the various sub-committees forming the Group's corporate governance framework.

Internal Audit shall, with due regard to confidentiality and sensitivity, 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.

Members of Internal Audit will not have responsibility for day-to-day management of any activity. Internal auditors that have worked in other areas of the HL Group will not perform or manage reviews in the business areas for which they were previously responsible for 12 months after joining Internal Audit.

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

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 HL 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:

- 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 themed audits. Advisory work is permitted at the discretion of the Chief Internal Auditor.

Relationship with Other Assurance Functions

In line with the three lines of defence model Internal Audit will consider, and where appropriate coordinate with, the work of other assurance functions within HL Group, as well as requirements from external bodies such as the external auditors and HL Group's regulators, when determining the level of Internal Audit activity in any business area. It is the responsibility of the Chief Internal Auditor to determine how much, if any, reliance can be placed on the work of other assurance functions.

In cases where Internal Audit performs similar testing or monitoring activities to those undertaken by other assurance providers in the first and second lines of defence, these are undertaken as part of Internal Audit's independent assurance role and are not to be relied upon as a substitute for first and second line of defence activities.

Professional Standards

All members 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.

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 CIIA:

- 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

Quality Assurance and Improvement

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of Internal Audit.

The program will include an evaluation of Internal Audit's conformance with the Standards and the Effective Internal Audit in Financial Services Guidance.

The Chief Internal Auditor will report the results of the quality assurance and improvement programme to the Audit Committee annually.

An external assessment will be conducted at least once every five years by a qualified, independent assessor.

Approval

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

Date: 9th February 2023