

## 1. Introduction

It is the policy of the Investec DLC Board to maintain a permanent, independent and objective Group Internal Audit function. This document sets out the purpose, authority and responsibility of Group Internal Audit within the context of the Investec DLC Group.

As a result of the regulatory reporting responsibilities arising from the DLC structure, there are two Group Internal Audit functions:

- Internal Audit of the Investec Limited Group (Southern African entities and Mauritius)
- Internal Audit of the Investec Plc Group (UK, Europe, USA, and Asia)

## 2. Purpose & Mission

Internal Audit is an independent and objective assurance function designed to add value, improve Investec's operations, and assist Investec in accomplishing its strategic objectives. The primary role of Internal Audit is to help the DLC Board and Executive Management (and the Boards and Executive Management of its subsidiaries including Investec Limited, Investec Bank Limited (IBL), Investec plc, Investec Bank Plc (IBP), and Investec Wealth & Investment Limited (IW&I) and Wealth and Investment International (Proprietary) Limited (W&I)) to fulfil their legal and regulatory obligations and protect the assets, reputation, and sustainability of Investec.

Internal Audit does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, and governance processes, and to report on the integrity of the controls within the business. Internal Audit can also provide consulting activity at the specific request of the Board or Audit Committees of Plc, Ltd, IBL, IBP, W&I or IW&I, provided this does not compromise the independence of Internal Audit and such activity is pre-approved in order to further safeguard the independence of the function.

## 3. Independence and Reporting Lines

The internal audit activity will remain free from interference by any element of the organisation, including matters of audit selection, scope, procedures, frequency, timing or report content in order to maintain an independent and objective mind set.

Internal auditors have no direct operational responsibility or authority over any of the activities that are audited. Accordingly, they will not design and / or implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgement.

The Group Internal Audit functions have independent reporting lines to the chairperson of the DLC, Plc and Ltd Audit Committees. An administrative reporting line is also maintained to the Group CEO. This seniority level within the organisation ensures the appropriate standing, access and authority to challenge the Executive.

The designated Head of the Plc Internal Audit function also has a reporting line to the IBP and IW&I Audit Committees in the UK. The Head of Internal Audit of Investec Plc may be and is currently the SMF 5 Head of Internal Audit for both IBP and IW&I. The appointments of the Group Heads of Internal Audit are subject to approval by the SARB in South Africa and the PRA/FCA in the UK. The salaries and bonuses of the Group Internal Audit function are set by the local jurisdictional administrative reporting line in consultation with the chairperson of the Ltd and PLC Audit Committee. The Chair of the Plc and Ltd Audit Committee is

responsible for recommending the remuneration of the Ltd and Plc Group Heads of Internal Audit to the DLC remuneration committee and in the case of the Head of Internal Audit of IBP and IW&I, to their respective remuneration committees (of which the chairs of the IBP and IW&I UK Audit Committee are respectively members). The chairs of the Audit Committees consider the independence, objectivity and tenure of the Group Heads of Internal Audit on an annual basis. In particular, the Chairs will assess the Group Heads of Internal Audit's independence and objectivity if his/her tenure as Head of Internal Audit exceeds seven years and conclude on independence.

The Audit Committees approve the Internal Audit budget and resource plan for their entity.

The remuneration of the Group Heads of Internal Audit and Internal Audit staff is structured in a manner such that it avoids conflicts of interest, does not impair their independence and objectivity is not directly or exclusively linked to the short-term performance of the organisation.

All members of the Internal Audit function confirm that they comply with the declaration of independence. The organisational independence of internal audit is confirmed to the Audit Committees annually. If the Group Internal Audit's independence or objectivity is impaired, the details of the impairment will be disclosed to the Chairs of the Group and respective Audit Committees.

#### **4. Authority**

The Boards via the Audit Committees grant authority to Group Internal Audit to:

- Perform its functions objectively, impartially, independently and conduct assignments free from any bias or interference
- Have unrestricted access to any member of staff, all information and documentation, records, files, data, reports and minutes of Investec
- Hold a "white card" to attend any relevant meeting / forum held in Investec
- Conduct an assignment on its own initiative in respect of any of the activities of Investec or entities in which Investec has an interest, including the activities of branches and subsidiaries, and outsourced providers
- Obtain direct access to the members of the Audit Committees; should this be ineffective for any reason; Group Internal Audit may communicate directly with the Chairman of the respective Boards or any other member of the respective Boards.
- Meet from time to time and communicate directly and freely with the external auditors when appropriate as well as provide the external auditors with access to any relevant internal audit reports.

Group Internal Audit will ensure that the security in respect of highly sensitive or confidential information is preserved.

#### **5. Scope and Responsibilities**

The Group Internal Audit department is responsible for providing an independent (i.e., objective and impartial) assessment of the adequacy of, and compliance with, Investec's established policies, processes

and procedures. To facilitate this assessment, Group Internal Audit includes within its scope, review of the following areas:

- The design and operating effectiveness of the internal governance structures and processes.
- The information presented to the respective Boards and Executive Management for strategic and operational decision making
- Processes and controls supporting strategic and operational decision making
- The process of setting, and adherence to, risk appetite
- The risk and control consciousness of the organisation
- Risks of poor customer treatment or outcomes, giving rise to conduct or reputational risk
- As a minimum, the processes and controls around the modelling and management of capital, liquidity, and other financial risks, including the processes for establishing and maintaining scenario analysis (stress testing) in relation to major risk categories, and recovery plans related to economic shock
- Non-financial risks, including (but not limited to) legal risk, data management risk, conduct risk, fraud risk, information security and cyber risk
- Key corporate events (e.g., introduction of new products or services, significant business process change)
- Evaluation of the design and operating effectiveness of Investec's policies and processes and whether the outcomes achieved are in line with Investec's objectives, risk appetite and values

Group Internal Audit will also provide the Audit Committees with an annual written assessment of the effectiveness of the Group's system of internal control and risk management framework based on the work performed over the period.

## **6. Internal Audit Approach**

- Risk Rating and Audit Plan

At least annually Group Internal Audit will develop and document risk-based audit plans which are subject to a quarterly review process and authorised by the Audit Committees. The annual planning process is underpinned by the following:

- Identification of the audit universe for each business unit.
  - Assessment of the level of risk posed by each audit activity in the business unit, using a consistent set of risk factors.
  - Audit frequencies covering a range of cycles between 6 and 36 months depending on the risk rating of the audit activity including the use of continuous monitoring for those audits considered lowest risk.
- Execute assignments  
For each assignment, a Terms of Reference is documented indicating the audit objectives, risks, processes and systems in scope and timing of the audit. The audit results are formally documented and retained in working papers.
  - Reporting  
The objective and scope of each audit assignment, together with the audit findings and agreed action plans, are formally documented and communicated in reports issued to Management and the Audit

Committee members. All Internal Audit reports that are in draft for a period of greater than 30 days are communicated to the Audit Committees.

The detail of the findings raised in each audit report and the appropriateness of agreed management action plans is considered by assurance fora within each business unit. At Audit Committee meetings, based on the work performed, Group Internal Audit reports on the effectiveness of the internal control system and on the status of the achievement of the audit plan.

- Follow ups

Group Internal Audit follows up on findings raised in the reports to ensure appropriate and timely action is taken. Where management fail to implement the appropriate changes for areas of higher risk this is reported to respective Audit Committees for further action, including referral to the respective Executive Risk Committees (ERC) where necessary.

## **7. Relationship with External Audit and Combined Assurance**

Group Internal Audit coordinates with Investec's External Auditors to ensure that the roles of Internal and External audit are mutually reinforcing, leading to adequate overall audit coverage of Investec's operations and avoiding duplication of work. Group Internal Audit and Investec's External Auditors meet from time to time to share information relating to any significant matters that come to the attention of Group Internal or External Audit and which may affect the work of either or both. Group Internal Audit may also provide input regarding the nature, timing and extent of certain external audit procedures. External Audit remains solely responsible for the audit opinion in respect of Investec's financial statements.

The Combined Assurance Framework describes the assurance role players, their roles and responsibilities, reporting lines and reporting of combined assurance activities for Investec. This combined assurance reporting includes input from the key assurance providers and has been incorporated into the annual written assessment which opines on the overall effectiveness of the organisation's governance, risk management and control processes/framework (including as assessment of Internal Financial Controls), per King IV.

## **8. Standards and Quality Assurance**

Group Internal Audit maintains a global quality assurance framework and methodology that complies with the IIA's International Standards for the Professional Practice of Internal Auditing (which includes the International Standards, the definition of Internal Audit, and the Code of Ethics) and the UK Code for Effective Internal Audit in the Financial Services Sector.

Group Internal Audit ensures audit quality through internal review processes at an engagement level, and through post-engagement independent quality assurance performed on a sample basis. The results of the internal Quality Assurance processes are shared with the Audit Committees at least annually.

Group Internal Audit is subject to an independent external assessment once every five years in order to assess adherence to the IIA Standards. The results of these reviews are reported to the DLC and Plc and Ltd Audit Committee and shared with the subsidiary Audit Committees within the group.

The Audit Committees evaluate the performance of Group Internal Audit annually to ensure that it is fulfilling its responsibilities in assisting and advising the Committee members.

Group Internal Audit maintains an internal quality assurance and improvement programme to monitor the performance of the internal audit activity.

### **9. Personnel and Resourcing**

It is the responsibility of the Heads of Internal Audit to ensure that the Plc Group and Ltd Group functions have sufficient resources and appropriately trained and experienced staff, who are sufficiently competent to examine all areas in which Investec conducts business and adhere to the Institute of Internal Auditors Code of Ethics. The continued professional competence of internal auditors will be ensured by way of systematic and relevant training and sufficient up to date knowledge of auditing techniques and financial services activities. Appropriately skilled resources may be co-sourced from third parties when considered necessary. The Audit Committees provides oversight regarding the adequacy of Group Internal Audit resourcing. A detailed skills analysis is presented to the Audit Committees annually.

As permitted under the standards of the Institute of Internal Auditors, the Heads of Internal Audit can approve the co-sourcing of internal audit activities, but not of the function, on a limited and targeted basis, when there is a need of specialised expertise and knowledge.

### **10. Consulting and Advisory Services**

Independence requires that Group Internal Audit should not be involved in the operations of the business or in designing, selecting, or implementing internal control measures. Nevertheless management may involve Group Internal Audit when considering major changes (e.g. development of new products and systems), to provide input on the adequacy of designed controls in order to ensure senior management makes informed decisions. The eventual development and introduction remain the responsibility of management. Group Internal Audit is not precluded from analysing and commenting upon the internal controls put in place.

In line with the purpose and mission of Group Internal Audit, pre-approval from/ by the Audit Committees is required to safeguard the independence of the function.

All risk ratings, execution and reporting of consultancy engagements will be performed using the same methodology employed for standard audit reviews.

### **11. Approval**

This Charter will be reviewed annually and approved by the Audit Committees to ensure it remains relevant and complies with applicable policies, standards, and good practice.