

Numis Corporation Plc Internal Audit Charter

1. Introduction

This Internal Audit Charter defines the conduct of the Outsourced Internal Audit ("IA") function for Numis Corporation Plc ("Numis" or "the Group") and its affiliates subject to approval by the Audit Committee ("AC"). The Charter establishes Internal Audit's position within the organisation, including the reporting relationship with the Board and senior management and outlines the purpose, authority and responsibility for the Internal Audit Function. It also authorises the Internal Audit department's access to records, personnel, and physical locations relevant to the performance of its duties.

2. Role and scope of Internal Audit work

Responsibility for providing Internal Audit services at Numis has been outsourced to KPMG LLP UK. Notwithstanding this, Numis Group retains responsibility for maintaining an effective internal audit activity and ensuring that this is communicated adequately to the AC. Numis has designated a Project Sponsor, the Group Chief Financial Officer, to receive the results of the Internal Audit services and to make any judgements and decisions that are needed, including independent management judgements and decisions, on the basis of information provided. A KPMG partner will act as the Head of Internal Audit and will report to the Project Sponsor, on a day-to-day basis for administrative purposes.

The purpose of Internal Audit is to independently evaluate the adequacy and effectiveness of the Group's risk management, control, and governance processes. Internal Audit seeks to provide assurance that:

- Business strategy, programmes, plans and objectives are adequately controlled and governed.
- Significant risks are appropriately identified and managed.
- Key controls are effective at mitigating risk and employees and contracted third parties comply with policies, standards and procedures.
- Key financial, management and operating information is accurate and complete.
- Assets are protected.
- Regulatory or legislative requirements are recognised and complied with.

The scope of the work does not specifically set out to improve profitability or processes but where opportunities are identified these will be communicated to management. Internal Audit is committed to providing practical, specialist advice on internal control matters when requested.

Notwithstanding Internal Audit's responsibilities to be alert to indications of the existence of fraud and weaknesses in internal control which would permit fraud to occur, the Internal Audit activity will not necessarily undertake specific fraud-related work. Fraud-related work would be carried out, should it ever be required, by a suitably qualified and experienced third party, as appointed by the AC.

Where considered appropriate, Internal Audit will coordinate activities with other internal and external providers of assurance and consulting services, to ensure proper coverage and minimise duplication of efforts.

Restrictions: Not to be released outside Numis without prior approval from the Head of Internal Audit of Numis.

Disclaimer: This report has not been designed to be of benefit to anyone except Numis and its subsidiaries as defined in the engagement letter. In preparing this report, its authors have not taken into account the interests, needs or circumstances of anyone apart from Numis and its subsidiaries, even though they may have been aware that others might read this report. This report has been prepared for the benefit of Numis and its subsidiaries alone.

3. Responsibilities and Accountability

The key responsibilities of Internal Audit are as follows:

- Developing and delivering a flexible, risk-based Internal Audit Plan, based on an independent risk assessment performed at least annually, and other concerns identified by management and the AC cognisant of external events;
- Managing and allocating resources as appropriate to provide for the successful delivery of the Internal Audit Plan;
- Ensuring that the staff members have the skills and experience commensurate with the nature, scale and complexity of the organisation and the risks inherent within it. Including staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter by engaging in continuous education and staff development;
- Reporting progress and results on the delivery of the Internal Audit Plan to the AC and executive management;
- Identifying issues with the adequacy and effectiveness of the control environments, and/or potential improvements to processes, and agreeing action plans with operational management to help resolve these issues and process weaknesses; and
- Establishing mechanisms to help track the implementation of management action plans and obtaining appropriate evidence or confirmation that actions have been completed and issues have been resolved.

The primary responsibility for risk management, internal control and compliance with legislation, regulations and ethics rests with management. It is the responsibility of management to identify, understand and manage risks effectively, including taking appropriate and timely action in response to Internal Audit findings. It is also management's responsibility to maintain a sound system of internal control and improvement of the same. The existence of an outsourced Internal Audit function, therefore, does not in any way relieve them of this responsibility.

Management is also responsible for fraud prevention and detection. As Internal Audit performs its work, it will be observant of manifestations of weaknesses in internal control which may permit fraud to occur or would impede its detection. Should Internal Audit come across any instances of fraud during their reviews they are required to report them on a timely basis to the Project Sponsor, Group CFO, who in turn is responsible for informing the AC.

4. Reporting and Monitoring

Internal Audit reports functionally to the AC and administratively on a day-to-day basis to the Group CFO as overall Project Sponsor of the Internal Audit outsourced engagement. The Head of Internal Audit, also communicate directly and privately with the AC non-executives. Internal Audit is accountable to the AC as follows:

- At the end of each audit, the Head of Internal Audit will distribute the final Internal Audit Report having first discussed and agreed with management the findings and any recommendations, which are allocated along with a target date.
- Reporting issues identified through the Internal Audit process that relate to the adequacy of controls within the Group, as well as potential opportunities to improve processes both in terms of efficiency and effectiveness.
- Periodically providing information on the status and results of the annual Internal Audit Plan and the sufficiency of the Internal Audit resources.
- Reviews which are owned by the CFO including all reviews which are within the Finance function will all be reported to the AC Chair as part of the review process.
- Reporting to AC upon completion of each annual plan on the performance and effectiveness of Internal Audit.
- Reporting to AC on an annual basis on Internal Audit's quality assurance programme.

Restrictions: Not to be released outside Numis without prior approval from the Head of Internal Audit of Numis.

Disclaimer: This report has not been designed to be of benefit to anyone except Numis and its subsidiaries as defined in the engagement letter. In preparing this report, its authors have not taken into account the interests, needs or circumstances of anyone apart from Numis and its subsidiaries, even though they may have been aware that others might read this report. This report has been prepared for the benefit of Numis and its subsidiaries alone.

5. Integrated Controls Assurance

Numis has adopted a “3 lines of defence” model for all its businesses ensuring that the responsibilities for managing the risks associated with the business’s activities are owned by the business and operational management.

Within this structure, the Internal Audit function is separate and operates independently from the business and operational management. Its role is to provide independent assurance to assess whether controls and processes are appropriate and functioning as envisaged.

Effective management of the internal control environment requires the different control functions working in tandem to provide integrated controls assurance. Internal Audit plays a key role in the implementation of an integrated control assurance framework across Numis by, where appropriate, coordinating when performing Internal Audit reviews and on other matters relating to risks and controls with:

- Business risk management within the 1st line of defence;
- Compliance, risk, legal and the financial controls group within the 2nd line of defence; and
- Numis external auditors, internal controls reporting (SOC1/ISAE3402) service providers and regulatory bodies as appropriate.

In order to facilitate an integrated approach at the different stages of work Internal Audit will liaise with these other areas as follows:

- **Scoping:** During the planning phase of audits, Internal Audit will ascertain the work undertaken by other functions and where relevant and appropriate, reliance will be placed on work being performed by another function. In addition, periodically Internal Audit will meet with the external auditors to discuss the Internal Audit Plan.
- **Reporting:** Internal Audit will produce separate reports to reflect the independent nature of the function. All reports will be shared and discussed with business risk management, compliance and risk. Reports will also be shared with Numis external auditors upon request.

6. Authority

All activities of Numis are potentially subject to Internal Audit review. Internal Audit is authorised to have unrestricted (full and complete) access to all functions, records (either paper or electronic), property, and personnel, in Numis relevant to an Internal Audit review. Where necessary, special arrangements will be made for the examination of confidential or classified information.

In particular, Internal Audit is authorised to:

- Obtain the necessary assistance of Numis personnel where Internal Audit reviews are performed, as well as other specialised services from within or outside Numis;
- Request information on any employee, representative, process, needed to complete the Internal Audit review;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Apply directly to the CFO or to the AC (if needed).

Internal Audit is responsible for safeguarding all information obtained during the audit process.

Restrictions: Not to be released outside Numis without prior approval from the Head of Internal Audit of Numis.

Disclaimer: This report has not been designed to be of benefit to anyone except Numis and its subsidiaries as defined in the engagement letter. In preparing this report, its authors have not taken into account the interests, needs or circumstances of anyone apart from Numis and its subsidiaries, even though they may have been aware that others might read this report. This report has been prepared for the benefit of Numis and its subsidiaries alone.

7. Independence

In order to permit Internal Audit to carry out their work freely and objectively, Internal Audit shall be independent of any administrative, business or other control function within Numis. This independence shall be achieved by means of:

- **Organisational status:** The Internal Audit function reports directly to the AC. It is authorised to perform its roles and responsibilities at its own initiative. Internal Audit and its staff are responsible for being independent, objective, and constructive in the conduct of their work and avoiding conflicts of interest and personal, business or other issues that may impair impartiality.
- **Objectivity:** members of the Internal Audit function are not authorised to assume commercial or operational responsibilities.

It should be noted that the Internal Audit function has no direct responsibility or any authority over any of the activities or operations that they review. They shall not develop or implement procedures, prepare records, or engage in activities that would normally be reviewed by Internal Audit. Internal Audit's independence is not adversely affected, however, by recommending standards of controls to be applied in developing systems and procedures, or by evaluating existing or planned financial and operating systems and related procedures and making recommendations for modification and improvements thereto in order to help improve controls and/or enhance operational effectiveness.

If the independence or objectivity of the Internal Audit function is impaired, details will be disclosed to the AC and the Board.

8. Code of Ethics and Standards of Practice

Internal Audit staff are obliged to adhere to a Code of Ethics as published by The Institute of Internal Auditors ('IIA'). The Code applies to both individuals and entities that provide Internal Audit services. Internal Audit will adhere to the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors as well as the CIIA Recommendations for Effective IA in the FS Industry.

9. Risk Acceptance

If management take the view that a risk should be accepted rather than implementing a recommended action this must be agreed, in the first instance, between the relevant functional head(s), the Head of Legal, Risk, Compliance and Co-CEOs as well as the members of the Operational Risk Committee ("ORC").

Where there is agreement on this basis, the functional head(s) will author a paper to the AC, outlining why it is viewed that accepting the risk is in the best interests of stakeholders, including clients and shareholders. Only with the explicit approval of the AC can a risk be formally accepted.

In any circumstances where the AC disagree with a proposed risk acceptance a functional head will be appointed to implement the recommended action, along with a target date and followed-up by Internal Audit upon completion of the action item.

10. Approval and amendment of the Internal Audit Charter

The Internal Audit Charter will be reviewed annually to ensure it remains consistent with Numis Group's strategy, objectives and risk profile. On an annual basis the Internal Audit team will confirm its independence. The results of this review and any changes must be reported to and approved by the AC. This Internal Audit Charter will be made available to all staff and any Regulator upon request.

Restrictions: Not to be released outside Numis without prior approval from the Head of Internal Audit of Numis.

Disclaimer: This report has not been designed to be of benefit to anyone except Numis and its subsidiaries as defined in the engagement letter. In preparing this report, its authors have not taken into account the interests, needs or circumstances of anyone apart from Numis and its subsidiaries, even though they may have been aware that others might read this report. This report has been prepared for the benefit of Numis and its subsidiaries alone.