

# Group Audit Charter

Approved January 2026

## 1. INTRODUCTION

The Group Audit Charter (“Charter”) sets out the purpose and mandate of Group Audit (“GA”) and applies to the whole of Lloyds Banking Group plc (“LBG”), including its subgroups and subsidiaries (“the Group”).

The Charter is presented to the Group Audit Committee for review and approval on at least an annual basis.

## 2. GROUP AUDIT

### 2.1 PURPOSE

2.1.1 In line with the Purpose of Internal Auditing in the Institute of Internal Auditors’ (“IIA”) Global Internal Audit Standards (“GIAS”) GA aims to strengthen the Group’s ability to create, protect and sustain value by providing the Board and Executive Management with independent, risk-based, and objective assurance, advice, insight and foresight.

2.1.2 This aim connects with the Group’s Purpose in the GA purpose which is “Helping Britain Prosper by supporting the Group to achieve its strategy through valuable insight, interventions and championing effective governance, risk management and control.”

### 2.2 MANDATE

2.2.1 GA receives its mandate from the Group Audit Committee. The mandate includes the function’s authority (2.3), role (2.4) and responsibilities (2.5).

### 2.3 AUTHORITY

2.3.1 GA is the single independent internal audit function, reporting to the Group Audit Committee and the Board and providing services to LBG’s subgroups and subsidiaries, where applicable, through Inter-Group Service Agreements.

2.3.2 The scope and frequency of GA’s work is unrestricted and based on GA’s independent assessment of the key risks faced by the Group and how effectively these risks are being managed. As such GA has a full, free, and unrestricted right of access to all of the Group’s data, records, personnel, fora, property, and management information, necessary to fulfil its mandate. This is considered to give a right to audit over the whole Group. Furthermore, the Board expects management to support GA to achieve its purpose.

2.3.3 The Group is responsible for ensuring that GA has the appropriate level of access to third parties by including appropriate wording in contracts and service level agreements.

- 2.3.4 The Group Chief Internal Auditor (“Group CIA”) has a direct reporting line to the Chair of the Group Audit Committee and a secondary reporting line to the Group Chief Executive for administrative purposes only including approving travel and expenses, personal account dealing requests, system access permissions and leave requests.
- 2.3.5 The Chair of the Group Audit Committee is responsible for setting the objectives and reviewing the performance of the Group CIA, considering also the views of the Group’s Chief Executive. The Chair of the Group Audit Committee makes recommendations on remuneration to the Remuneration Committee as appropriate. The remuneration of the Group CIA is structured in a manner such that it avoids conflicts of interest, does not impair independence and objectivity, and is not directly or exclusively linked to the short-term performance of the Group.
- 2.3.6 The Group CIA attends the Group Executive Committee and has appropriate standing and authority within the organisation.

## 2.4 ROLE

- 2.4.1 GA is the third line of defence within the Group’s Risk Management Framework. As the third line of defence GA’s primary role is to provide independent assurance to help the Boards and Executive Management protect the assets, reputation, and sustainability of the Group. GA does this by:
- assessing whether all significant risks are identified and reported appropriately to the Boards and Executive Management of the Group;
  - assessing the design and operation of key controls to determine whether they are effective at mitigating significant risks; and
  - challenging and influencing Executive Management to improve the effectiveness of governance, risk management, and internal controls, by providing assurance over the effectiveness of the first and second line of defence functions.
- 2.4.2 Where appropriate, GA may also:
- undertake assurance projects or related engagements at the request of an Audit Committee of the Group or Executive Management;
  - provide assurance to external parties including regulators and similar industry bodies; and
  - provide advisory services, such as: advising on the design and implementation of new policies, processes, systems and products; providing forensic services; providing training; and facilitating discussions about risks and controls. The exact nature and scope of advisory services is subject to agreement with relevant stakeholders and requires the approval of the Group CIA. Appropriate safeguards are put in place to maintain independence and objectivity.
- 2.4.3 Where appropriately skilled resources are not available GA may choose to co-source the necessary resources from third parties such as professional services firms. In such instances GA retains accountability for the quality of the audit work. In the exceptional circumstance that GA outsources internal audit activity GA will agree the necessary protocols with the Group Audit Committee. In appointing third parties GA considers the following factors: competence, independence, and objectivity.

## 2.5 RESPONSIBILITIES

The Group CIA is responsible for managing all aspects of GA, including:

- Setting the strategy for GA and designing and implementing initiatives to achieve the strategy.
- Developing and maintaining appropriate methodologies and processes that enable GA to perform its work.
- Developing, maintaining and delivering a dynamic, risk-based audit plan.
- Validating that management actions arising from audits have sustainably mitigated the risks identified.
- Attending and presenting reports as appropriate, at the relevant Audit Committees, Risk Committees and to senior management. GA's reporting includes results of audit work, significant themes, significant findings and their root causes, the effectiveness of management in addressing issues raised, as well as advice, insights and foresight. GA periodically provides opinions on the overall effectiveness of the governance, risk management and control environment, as well as any instances of significant disagreements with management and any significant errors or omissions resulting in a change of opinion.
- Recruiting, retaining and promoting GA colleagues, and operating an environment of continuous professional development, to ensure skills and knowledge are maintained and developed, including supporting professional certifications and qualifications.
- Providing the relevant Audit Committees with a regular assessment of GA's resources, skills, and ensuring that GA has the competencies to perform the internal audit services outlined in the GA charter.
- Supporting and promoting conformance with the principles and standards in Domain II: Ethics and Professionalism of the GIAS and provide the relevant Audit Committees at least annually with a regular assessment of compliance.
- Developing, implementing and maintaining a Quality Assurance function with the standing and experience to meaningfully challenge all aspects of GA including ensuring that GA pursues continuous improvement. GA's effectiveness and conformance with the Global Internal Audit Standards and the CIIA Code of Practice will be reported to the Group Audit Committee at least annually.
- Establishing and maintaining open relationships with the first and second line through regular engagement on governance, risk management and control processes and working with other internal control functions (such as Finance, Risk, and Compliance), and external assurance providers, where appropriate, to share information and reduce duplicated efforts. GA may rely on the work of other functions within the Group after assessing that the IIA requirements for assurance providers have been met. Exceptionally and with the approval of the Group CIA, GA may also place reliance on other assurance providers external to the Group.
- Establishing and maintaining open and co-operative relationships with regulators, through regular engagement and reporting as required or applicable.
- Confirming, at least annually, the independence of GA to the Audit Committee. If GA's independence or objectivity becomes impaired, the Group CIA will disclose details, including any safeguards, to all relevant Audit Committees.

## **2.6 GROUP AUDIT INDEPENDENCE AND ORGANIZATION**

- 2.6.1 GA is independent of the Group's operational management and has no direct operational responsibility or authority over the activities it reviews.
- 2.6.2 The Group CIA is appointed by the Group Audit Committee and all GA colleagues report directly or indirectly to the Group CIA.
- 2.6.3 The Group CIA is also the CIA for Lloyds Bank plc and Bank of Scotland plc (the Ring-Fenced Bank). Established safeguards are in place to manage any actual or potential conflicts of interest and include explicit documentation of the risks, discussion and identification of any actual or potential conflicts of interests in key GA governance meetings, as well as reporting and escalation to the relevant governing bodies outside of GA. Safeguards are reviewed annually and are managed by the GA Chief Operating Office.
- 2.6.4 Audit Directors or Heads of Audit who are CIAs of subgroups and subsidiaries report directly/indirectly to the Group CIA, in addition to any required reporting line to the governance structure of the subgroup/subsidiary
- 2.6.5 All GA colleagues are responsible for avoiding conflicts of interest that may impair, or be seen to impair, their objectivity.
- 2.6.6 In addition, the Group CIA has accountability for any conduct investigations carried out within the Group Conduct Investigations team. This includes the whistleblowing investigations, and significant or material conduct investigations. Established safeguards are in place to manage any actual or potential conflicts of interest and include quality assurance reviews over investigations conducted by the Conduct Investigations team reporting to the Group CIA. Safeguards are reviewed annually and are managed by the GA Chief Operating Office.

## **2.7 STANDARDS OF INTERNAL AUDIT PRACTICE**

- 2.7.1 GA are committed to adhering to the IIA's International Professional Practices Framework (2024), which includes the GIAS. Additionally, GA operates in accordance with the CIAA Code, as well as legal and regulatory requirements and guidelines for internal audit in applicable jurisdictions.
- 2.7.2 GA colleagues are required to conform with Domain II: Ethics and Professionalism within the GIAS which outlines the behavioural expectations for professional internal auditors as well as the Group's Code of Ethics and Responsibility.
- 2.7.3 GA colleagues must also comply with the Group's policies and procedures together with relevant professional bodies' standards of conduct, and possess the knowledge, skills, and disciplines necessary to discharge their responsibilities.

## **3 AUDIT COMMITTEE RESPONSIBILITIES**

The Audit Committee responsibilities are reflected within the individual Audit Committee Terms of Reference.